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NEWS SUMMARY

GENERAL

Chinese pull out of Vietnam

China announced that it was pulling back its forces from Vietnam. But Peking's move to end the border conflict failed to win any response from Vietnam, which ordered a general mobilisation to defeat the Chinese aggressors and protect national independence.

Swiss refuse Iran request

Switzerland has refused to comply with the Iranian Government request to freeze Swiss bank accounts belonging to the Shah and members of his family.

Zanu man quits

Mr. Elliot Gabellah, Rhodesian black joint Foreign Minister, quit the Zimbabwe African National Union, saying he could no longer reconcile his conscience with methods the party used to achieve one-man, one-vote elections.

Euthanasia call

Terminally ill people in incurable pain should be actively helped to die, heart transplant pioneer Christian Barnard said in Cape Town.

UK apologises

Britain apologised to the UN Human Rights Commission over the case of an Indian woman forced to undergo a virginity test at Heathrow Airport.

'Spy' talks

The Government is to go ahead with talks leading to the introduction of the tachograph in British goods vehicles over 3.5 tonnes, in spite of a storm of protest from Left-wing Labour MPs.

Jupiter findings

The U.S. Voyager spacecraft made its closest approach to the giant planet Jupiter and encountered intense radiation as it sent pictures back to earth.

Lean times

A squirrel, having a lean time after coming out of hibernation early in Kirkby-in-Ashfield, Notts., bit a housewife, her neighbour and a policeman who tried to catch it. All three were taken to hospital for anti-tetanus injections.

Briefly

National Airlines of the U.S. was fined \$10,250 after 800 snakes were found dead on arrival at Heathrow airport.

BUSINESS

Gold falls as bullion price drops \$8

EQUITIES traded spasmodically and the FT ordinary index closed unchanged at 454.6. Gold shares came under sharp pressure on the lower price for bullion and the Gold Mines index fell 8.1 to 161.2.

GILTS eroded early gains

Industrial news, and the Government Securities index closed 0.17 up at 17.57.

STERLING rose 5 points

to 22.025 and its index remained at 64.5. The dollar's depreciation was also unchanged at 8.2 per cent.

GOLD fell \$8 to \$238

in active London trading.

WALL STREET was up 13.43 at 829.18 just before the close.

EEC FARM Ministers appear close to a breakthrough in the dispute over farm pricing arrangements which for two months has hampered introduction of the European Monetary System.

EEC member government will shortly examine proposals for a \$2bn European Community passenger aircraft project to compete with U.S. manufacturers in the medium to short-haul market by the mid-1980s.

SIR DENIS ROOKE, chairman of the British Gas Corporation has criticised Government policy towards the nationalised industries as reflecting short-term political expediency, which made consistent management almost impossible.

Output prices up

OUTPUT prices charged at the factory gate rose at a slightly faster rate in February, reflecting the build-up of labour and raw material cost pressures on industry. The wholesale price indices, published yesterday by the Department of Industry, point, however, to a modest acceleration in the cost of living over the next few months.

CIVIL SERVICE unions have stepped up their campaign of selective strike action over pay by calling out more computer workers in an attempt to disrupt the Government's expenditure information and budget preparations.

LOCAL AUTHORITY leaders in the West Midlands have appealed to BSC to defer decision on the closure of the Bilston steelworks in the light of a new research report which finds that in the long-term, BSC would be unwise to close the plant.

DAILY MIRROR is expecting its profits to be cut by about 23m a year because of competitive pressure from Express Newspapers' new tabloid, the Daily Star.

FISONS lifted pre-tax profits by 12.3 per cent to a record £22.9m in 1978, on sales ahead from £293.37m to £343.5m.

CHIEF PRICE CHANGES YESTERDAY

Table with 2 columns: Item and Price Change. Includes items like Tomkinsons Carpets, Wilson (Connolly), Harbottle, Gathrie Corp, Harrison, Malaysian Ests, General Mining, Burton Warrants, Lindsay & Williams, Lloyds Bank, Manganese Bronze, Sotheby P. B., De Beers Deid, Free State Geduld, Gold Mines of, Kalgourlie, Harbottle, Kloof, President Steyn, West Driefontain, Western Hlgs.

Israel responds favourably to new proposals

Carter in peace bid flight to Mid-East

BY DAVID BUCHAN IN WASHINGTON

PRESIDENT CARTER will fly to the Middle East tomorrow in an unprecedented personal bid to secure a peace treaty between Egypt and Israel. The trip, undertaken at the request of Mr. Menachem Begin, Prime Minister of Israel, and President Anwar Sadat of Egypt, is an enormous personal gamble for the President and underscores dramatically the deadlocked state of the negotiations.

It demonstrates the extent to which Mr. Carter is willing to set aside all other business, as he did at Camp David last September, to secure a breakthrough in the Middle East. Mr. Jody Powell, the White House Press Secretary, said yesterday: "Without a major effort such as this the prospects for failure are almost overwhelming."

Mr. Carter, whose foreign policy has come under increasing attack in recent weeks, flies to Cairo tomorrow and on to Israel on Saturday. The announcement of the trip came after Mr. Begin met Mr. Carter yesterday morning, and after the Israeli Cabinet responded favourably to new proposals tabled by the U.S. on Sunday night.

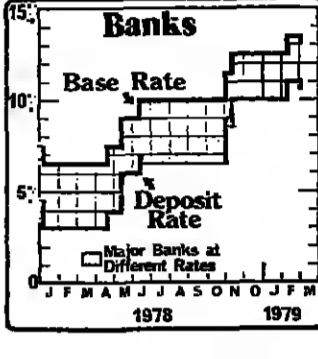
Mr. Powell said that while the Israeli Cabinet had responded favourably to the new U.S. proposals, difficult issues still remained. Progress is believed unlikely until Mr. Carter confers with the full Israeli Cabinet. U.S. Administration officials say Mr. Carter is not expected to return to Egypt after he has been to Israel, and thereby launch into the sort of shuttle diplomacy that Mr. Cyrus Vance, his Secretary of State, has conducted between the two countries.



Base rates follow MLR down to 13%

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

THE COST of overdrafts was reduced yesterday as the clearing banks cut their base lending rates from 13 1/2 to 13 per cent. The move, led by Midland Bank followed last Thursday's cut of one point to 13 per cent in the Bank of England's minimum lending rate.



The authorities are hoping for some temporary stability in interest rates after the conditions of the past month, in which a sharp rise has been quickly followed by a cut. Last month the clearers increased their rates by only one point, rather than the 1 1/2 point rise in MLR, and yesterday's cut brings rates back into line.

put more pressure on the reserve asset position of the banking system and thus on short-term interest rates than is required for the present policy of continuing monetary restraint. The Bank has not given any new date for recall and this apparently reflects the view that the current money market shortages may last for the next few weeks, especially with the £455m due to be subscribed within the next fortnight on new gilt issues.

West Germany allows £215m Deutsche BP deal with Veba

BY ADRIAN DICKS IN BONN

COUNT OTTO LAMBSDORFF, the West German Economics Minister, gave his consent yesterday to the DM 800m (£215m) exchange of interests between Deutsche BP and Veba, announced last June. The deal should greatly strengthen BP's position in West Germany.

Count Lambsdorff's decision gives Deutsche BP most of what it wanted from the deal, and notably allows it to take up a 25 per cent stake in Ruhrgas, the leading West German importer and distributor of natural gas. However, in deference to the reservations of the Federal Cartel Office and the West German monopolies commission—both of which opposed the entire deal—the decision imposes a series of strict conditions.

The Minister made it clear in Bonn yesterday that he took very seriously the argument that Deutsche BP's entry into Ruhrgas might carry the risk of reducing competition between fuels if control of the company were exercised by international oil interests. However, this argument was outweighed by what West Germany would gain from the 3m tonnes of crude oil a year which the BP group has undertaken to provide to Veba at current market prices up to the year 2000. The Veba group, shaped and 44 per cent owned by the German Government, has little crude of its own.

In addition, Count Lambsdorff said he recognised that the Deutsche BP-Veba deal would both help restructure West Germany's over-capacity in refining and bring in a new entrant to the natural gas market. Deutsche BP last December signed a 20-year contract with Algeria for 4.5bn cubic metres of natural gas a year from 1985. The conditions imposed by Count Lambsdorff, which are virtually certain to be formally accepted by both Veba and Deutsche BP, cover voting arrangements within the Bergemann voting pool. This group—shareholdings in Ruhrgas included—owns the 25 per cent Deutsche BP is buying from Veba, and in turn controls 55.1 per cent of Ruhrgas itself.

Oil industry sets up task force to warn Ministers of shortages

FINANCIAL TIMES REPORTER

THE OIL industry has set up a task force to inform the Government about shortages of petrol, heating fuel or other oil products in the wake of the Iran crisis. The two-month halt in exports of Iranian crude, which started affecting the small, independent UK oil companies severely. Some cannot fulfil their orders. Walsall education authority, which buys its heating oil from an independent, has had to close because of inadequate supplies and might have to close many more. It has failed to get orders accepted by other suppliers.

day that the shortfall in oil supplies should lead neither to a general shortage of petrol nor to significant increases in petrol prices. The Association of UK Oil Independents, which includes companies such as John Henderon, Shaw's, Economat and Thomas Black, said its members had suffered cuts in supplies of up to 55 per cent of last year's deliveries. The small independents, which probably account for no more than 4 per cent of the total UK market for oil products, have appealed to the Government for help. It has refused, apparently feeling that the shortfall is not great enough to warrant emergency action.

Although the task force is keeping the Department of Energy informed, sometimes daily, of changes in oil availability, it has not asked for the Oil Industry Emergency Committee to be called into action. Mr. Anthony Wedgwood Benn, Energy Secretary, said in a Commons answer yesterday, that he was planning to meet representatives of Conoco last night. He said the oil company had assured him that it was not diverting oil supplies destined for the UK to the more lucrative Rotterdam spot market, as seemed to be suggested in an internal company document last week. Oil shortage in UK, Page 18 Iran oil exports resume, Back Page

Table with 3 columns: Section, Page, and Section. Includes sections like European news, American news, Overseas news, World trade news, UK news-general, UK news-labour, Parliament, Technical page, Management page, Arts page, Leader page, UK companies, Mining, Int'l. companies, Euromarkets, Money and exchanges, World markets, Farming raw materials, UK stock market, Features, Oil shortages begin to show in Britain, The options open for monetary reform, Portugal: Soares stronger after conference, Italian Trade Centre plus hopes on increased exports, Film and video: systems begin battle for survival, Smaller profits growth for non-life insurance, Pepper: disease and marketing hazards hit growers.

Fed plans stricter line on foreign bank takeovers

BY STEWART FLEMING IN NEW YORK

THE U.S. Federal Reserve Board is planning to intensify its supervision of U.S. banks controlled from abroad and is considering tightening regulations defining the kind of foreign company which can qualify to acquire a U.S. bank. A policy statement from the Fed yesterday makes it clear, however, that the Fed accepts that foreign banks should not

face special obstacles in making U.S. acquisitions. In its policy statement, the Fed says the principle of "national treatment" or non-discrimination against foreign banks should govern its regulations. In general, foreign banks seeking to establish banks or other banking operations in the U.S. should meet the same

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EUROPEAN NEWS

Schmidt in talks on reviving Turkish economy

BY ROGER BOYES IN BONN

MR. ZIYA MUEZZINOGLU, Turkish Finance Minister, arrived here for talks last night with Chancellor Helmut Schmidt of West Germany. The talks are aimed at exploring ways in which West Germany and other Western countries can help to revive Turkey's flagging economy.

should be imposed on the aid programme was also expected to be on the agenda. The question of conditions is one of the main sticking points in efforts to put together an international aid package. Among the measures sought by the International Monetary Fund are controls over wage increases, yet further limits on the public sector deficit and Central Bank credits, and a devaluation of about 30 per cent.

Likely Scheel successor

BONN — Herr Karl Carstens, Speaker of Parliament, became a virtual certainty to succeed President Walter Scheel as West Germany's head of state when he was nominated for the post yesterday by the Christian Democratic opposition.

The Socialist-Liberal Government voted Herr Scheel into the titular post in 1974, since when its majority has shrunk in the Lower House, and the Christian Democrats have gained control of the Upper House.

A number of public opinion polls commissioned by the news media have shown that a majority of the public would like to see the genial Herr Scheel remain as President.



Herr Karl Carstens

Wrangle may hold up German loan talks

By Our Bonn Staff

A PROCEDURAL wrangle threatens to hold up progress at a tribunal hearing here which is designed to unravel the effects of currency shifts on the repayment of the pre-war \$300m German Young loan.

The loan, in nine different currencies, was extended to Germany in 1930 by the major western nations, and was renegotiated in 1953. Repayment is due to bondholders next year but Germany and five western powers—including Britain, the U.S., and France—are in dispute over the basis of payment. The dispute has now reached the stage of an arbitration tribunal with the Germans as defendants.

The hearing, which opened yesterday, ran in its first day through the full gamut of judicial emotion, ranging from expressions of mutual friendship between the defending Germans and the Government officials of creditor nations to an exchange of "mild reproaches."

The Germans objected to the late application to consider oral evidence. They questioned whether the witnesses would add to the understanding of the case.

Procedural delay certainly appears to have been the rule rather than the exception in this dispute which has now dragged on for 18 years. The witnesses, if indeed they are allowed to appear, will be testifying about the central issue: the correct interpretation of a provision in the 1953 London agreement on Germany's external debts which sought to redefine the basis on which the loan should be repaid.

The London agreement stipulated that should the rates of exchange on any of the currencies of issue after August 1952, then the subsequent instalments should be calculated on the basis of the "least depreciated currency."

The Deutsche Mark revaluation of 1961 first made the phrase contentious.

The revaluation prompted bondholders to demand that the basis of repayment should be switched to the Deutsche Mark as this had become the "least depreciated currency."

The Germans claim however that on the basis of IMF parities, the Mark has actually appreciated and was therefore not eligible to be the new basis for repayment.

Army General murdered in Madrid

BY ROBERT GRAHAM IN MADRID

A SEMI-RETIRED army General was assassinated yesterday by a gunman outside his flat in the heart of Madrid. The killing, the second of a ranking General this year, appeared timed to jolt the nation as it began to relax after last Friday's election victory of the ruling Union de Centro Democratico (UCD).

The officer, Brig-General Augustin Munoz Vazquez, was returning home for lunch. Witnesses said he had been dropped by his official car when he was approached by a youth, who fired four or five shots.

The General had no body-guard and the youth ran to a car parked in a side-street. The car subsequently was found about 300 metres from the site of the killing. The officer apparently

was dead on arrival at hospital. The General's last active command was in the enclave of Ceuta, in charge of the quarter-master's division. His relative inexperience, coupled with the fact that the site of the killing (on a busy main road with easy side street escape routes), suggested that he was a purely symbolic target.

On January 3 the military governor of Madrid, General Ortin, was assassinated in similar circumstances. His death was claimed by the militant Basque separatist organisation, ETA.

A week later a Supreme Court judge was killed in Madrid, an attack claimed by the shadowy terrorist organisation, Grapo (an anti-Fascist resistance movement).

Since then the Government has implemented stricter security measures for all senior officials, especially in the armed forces. During the general election campaign the security forces were on a state of alert against such terrorist attempts. There is believed to have been a slight relaxation of this alert since Saturday.

Yesterday's assassination was a brutal reminder to Sr. Adolfo Suarez, now in the process of trying to form a new Government of the major law and order problem confronting the country.

Because the election campaign witnessed comparatively little violence, even in the Basque country, people had been lulled into a false sense of calm. So

far this year there have been just under 30 politically motivated killings, over 90 per cent of which have been attributed to or claimed by ETA.

This assassination also put a question mark over how Sr. Suarez will tackle law and order. Just before polling, Sr. Rodolfo Martin Villa, the Interior Minister, hinted that he wanted to step down from this thankless job.

He had become the most vilified Minister for his tough, business-like approach to terrorism on the one hand and his efforts to change old ways in the security forces on the other. But Sr. Martin Villa suited Sr. Suarez's purposes, and another person may not fit the bill so easily.

Pertini calls for final attempt to end crisis

By Rupert Cornwell in Rome

SIG. SANDRO PERTINI, the Italian President, last night began consultations with party leaders in what is seen as the final attempt to solve the Government crisis which is now nearly five weeks old.

After the collapse of efforts to lure the Communists back into the fold last week, the only hope of averting an early general election is for a new Government to be formed led by Christian Democrats, with the backing or, at least acquiescence of the Socialists (PSI).

To launch this variant of the old Centre-Left formula of the 1960s, the Christian Democrat Parliamentary Party yesterday suggested three candidates: Sig. Giulio Andreotti, the outgoing Prime Minister, Sig. Flaminio Piccoli, the party president, and Sig. Arnaldo Forlani, the Foreign Minister.

The prospects are doubtful. The Christian Democrats see no point in heading a weak administration that would merely serve the Socialist purpose of allowing direct elections to Europe to go ahead unimpeded.

The Socialists, on the other hand, are deeply divided on the issue of allying themselves anew with the Christian Democrats. The most that Sig. Bettino Craxi, the PSI secretary, is likely to secure from his party is a mandate to negotiate for a transitional government to tide things over until the autumn. Quite possibly this would involve no more than Socialist abstention in Parliament.

It is from these ingredients that a compromise must be fashioned. If the attempt fails, Sig. Pertini will have to send Sig. Andreotti's Government back to Parliament for a formal vote of no confidence. In the event of defeat, the spring elections, which the parties declare unanimously, but unconvincedly, that they do not want, would become a certainty.

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Faster growth forecast for Finns

BY ROBERT MAUTHNER IN PARIS

FINLAND'S economy is likely to grow by about 4 per cent in 1979, markedly faster than last year when GDP rose by 2.3 per cent, according to the latest survey of the Finnish economy, by the Organisation for Economic Co-operation and Development.

But the report warns the Finnish Government that the rate of price inflation may well be above the area's average in the current year and could endanger the competitiveness in the longer term. The rise in consumer prices is expected to accelerate to 8 per cent in 1979, compared with about 7.5 per cent last year.

The current account, which showed a surplus of £275m in 1978, according to the OECD's estimates, is likely to remain

in credit by £225m in the current year, in spite of some reduction in the growth of exports.

With productivity expected to improve, there appears only limited scope for bringing the unemployment rate down from its post-war peak in 1978. The OECD also expects acceleration in the growth of wages, though fiscal incentives have helped secure moderation of income claims in the past, that does not imply that they would be appropriate at all times in the future, the report says.

Industry's profit position is still weak and is acting as a damper on productive investment. The re-emergence of strong wage and income pressures could lead quickly to

a reversion of restrictive policies after the relatively expansionary stance of the 1979 budget.

Overall, the report considers that the objectives of Finland's medium-term stabilisation policy are well conceived. Controlled expansion of demand to absorb gradually the slack in the economy, while giving high priority to dampening cost and price developments, would seem to offer the best chance of success.

"The main risk probably rests with the development of costs and prices and it is in this area that a greater consensus needs to be obtained if an increase in employment over the medium term is to be sustained."

Tax revolt threatens in Ireland

By Stewart Dalby in Dublin

A REVOLT by Irish PAYE taxpayers is in prospect following the Government's decision to rescind the 2 per cent agricultural levy imposed in the budget a month ago.

Mr. Harold O'Sullivan, president of the Irish Congress of Trade Unions (ICTU), has said that the ICTU's special delegate meeting, due this Friday, will decide against a new national wage pact or even an informal agreement with the Government unless concessions are made to PAYE taxpayers who contributed over 30 per cent of the country's more than £2bn tax bill.

He also said there could be token strikes, rallies and other forms of protest about farmers' low contribution to the tax bill. Ireland's 180,000 farmers contribute less than 2 per cent of total tax revenues.

The 2 per cent levy to have been imposed on gross sales of most agricultural goods was an attempt by the Government to increase farmers' contribution to public revenue, and was expected to have been worth £16m this year. But under pressure from the powerful farmers' associations, the Government has dropped the levy.

The two main farmers' organisations, however, have agreed that farmers should pay their "fair share" of taxes and that they will settle with the Government before May 1 on what that is and what form it should take.

New Belgian coalition bid

BRUSSELS — Mr. Paul Vanden Boeynants, 59, a Christian Democrat, has been asked by King Baudouin to form a new Belgian government.

After the resignation of the Frimans Cabinet, a general election was held on December 17, but these failed materially to change the political make-up of Parliament. Since then, Mr. Willy Claes, the Flemish socialist, and Mr. Wilfried Martens, the Flemish Social Democrat, have separately tried vainly to form a government.

Ekofisk production falls

BY FAY GJESTER IN OSLO

OIL PRODUCTION from the Ekofisk complex in Norway's sector of the North Sea fell to 11.1m barrels (1.44m tonnes) in January this year, compared with 12.1m barrels (1.59m tonnes) in January last year.

Gas sales during the month, in terms of oil equivalent, reached 1m tonnes from Ekofisk and about 853,000 tonnes from Norway's share of Frigg.

A year earlier, the figures were 780,000 tonnes and 370,000 tonnes respectively. Phillips Petroleum, the operator of Norwegian North Sea block 2/7, has plugged and

abandoned its 12th well on the block after drilling to a depth of 1,793 metres.

Norway's Conservative Party, which received only 24.8 per cent of the vote in the 1977 Parliamentary election, is running a very close second to the ruling Labour Party, according to a public opinion poll. The poll, published at the weekend, says support for the party was 35.2 per cent in the second half of January—0.8 per cent up from a month earlier. Labour scored 37.1 per cent—2.3 per cent down from the previous month.

To manage money matters for a forest products giant like Weyerhaeuser, a man must be as growth-minded as his company.

His banker must be the same.



Jean-Francois Noel, Chemical banker. Photographed with Weyerhaeuser purpose-built forest products vessel, Antwerp.

As a recognized leader in modern forest management, Weyerhaeuser has rightfully earned its reputation as the "tree-growing company," and in the process has grown into an international organization with decided financial strengths.

One of those strengths, internationally, is Chemical Bank and Chemical Bankers.

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Weyerhaeuser Director Treasurer's

Department-Europe. Edmund van Wijngaarden and Chemical banker, Jean-Francois Noel, improve on this tailor-made system continuously.

Every day, a variety of forest products leaves the West Coast of the USA and Canada for delivery anywhere from Antwerp to Alexandria. And Noel helps smooth the way for the Weyerhaeuser customers' ever-changing multi-million dollar credit arrangements.

Noel is only part of the customer-banker relationship. Another part is William H. Adams, head of Chemical Bank's San Francisco regional headquarters. As a main link with Weyerhaeuser's Treasurer William C. Stivers, Adams coordinates all groups in the bank as they relate to

the company and has helped Stivers with foreign exchange, domestic and international collection, importing and financing arrangements; he has helped establish on-line communication through ChemLink, Chemical's financial management system, as well as computer-to-computer transmission of lock box information.

Whether the team is Stivers and Wijngaarden and Noel in Europe, they'll tell you that mutual understanding and respect are what make the relationship prosper. That's what usually happens when corporate officers get together with Chemical Bankers. And what results is bottom line benefits for both the company and the bank.

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W. German foreign reserves fall £1.27bn this year

BY DAVID MARSH

WEST GERMANY'S net monetary reserves fell DM 3bn (£810m) last month, taking the fall since the end of last year to DM 4.7bn (£1.27bn), according to figures published yesterday by the Bundesbank.

The sharp drop partly reflects a turn-around in the Bundesbank's foreign exchange intervention over the past few weeks. It has been taking advantage of the U.S. currency's relative stability to sell dollars from its reserves in order to drain some of the liquidity in the German banking system which built up during the run on the Deutsche Mark towards the end of last year.

Other factors behind the fall have been repayments by the New York Fed, and the central banks of currency snake countries, of E-mark credits taken out to prop up their currencies at the end of 1978, as well as the placement of the U.S. Treasury note issues in Germany. All of this has a tightening effect on bank liquidity.

The change in intervention tactics, coupled with other tightening action the Bundesbank took around the turn of the year, is helping slow the rise in money supply, which expanded sharply in 1978 mainly as a result of heavy Bundesbank support for the dollar and snake currencies.

In a bid to dampen the risks of an upsurge in inflation, the West German central bank this year aims to reduce the growth in basic money supply, to 6-8 per cent by the final quarter, from the average 11.5 per cent growth last year.

One illustration of the success has been a rise in overnight rates on the German

money market, which are up to over 4 per cent against 3 per cent at the start of the year.

The rise in German interest rates clearly carries with it some danger of exerting pressure on the dollar, although the Bundesbank is quick to point out that, since it started to take a firmer monetary line two months ago, the dollar has remained fairly stable in the region of DM1.82-DM1.88.

Giving the view of Germany's largest commercial bank, on the U.S. currency prospects, Dr. Wilfried Guth, chief executive of the Deutsche Bank, says that the best that can be hoped for is that the dollar will remain stable around the DM1.85 level over the next few months.

Only in the improbable event of the U.S. succeeding immediately in bringing down its inflation rate, is the dollar likely to gain ground, he told the Financial Times in an interview in London at the end of last week. Otherwise, with German inflation at around 2.5 per cent against about 9 per cent in the U.S., there must be some change in exchange rates," he said.

However, the dollar's recent stability, despite the oil price rise and events in Iran, has shown the strength of last November's move in the U.S. to fight inflation and lower the payments deficit.

Dr. Guth, who is widely expected in Germany to be the next president of the Bundesbank when Dr. Otmar Emminger retires, added that the fact that the European currencies have moved within narrow hands since the start of the year showed that the European monetary system had good hopes of stability once it got going.

VEBA-BP DEAL IS GIVEN THE GREEN LIGHT

Lambsdorff finds a solution which satisfies everyone

BY ADRIAN DICKS IN BONN

COUNT OTTO LAMBSDORFF, the West German Economics Minister, has managed to find a solution to the complex issues posed by the Deutsche BP-Veba case that gives the majority of those concerned most of what they wanted at the outset, while protecting his own flank against potential political attackers.

Deutsche BP has succeeded in its principal purpose of acquiring a 25 per cent stake in Ruhrgas, the leading West German importer and distributor of natural gas, and is not likely to feel that this objective is seriously compromised by the various restraints on Ruhrgas shareholders that the Minister has made a condition of his consent to the deal.

Veba, though it has given up the Ruhrgas holding, has also been able to shed unwanted refinery capacity that, as its chairman Herr Rudolf von Bennigsen-Foerster warned at the January public hearing on the case, it would otherwise have had to close down within a few years in any case. Meanwhile the company is also getting the tidy sum of DM 800m (£216m) from Deutsche BP in exchange for the Ruhrgas holding and for the other interests

which Deutsche BP will take over.

The Economics Minister made clear yesterday that his decision had been a finely balanced one. As he told a press conference, "I have said 'yes but' to this application, yet I could as well have said 'no but'."

Besides the arguments over the structure of the oil industry and over the question of energy supply, the Minister has had to consider how to preserve the Government's reputation as a defender of the free market economy as it moves towards the fourth revision of the Cartel Act. He could not have let such a huge and complex case seem to slip under the net.

The deciding factor for Count Lambsdorff—as Deutsche BP and Veba both expected it would be—has plainly been the argument that West Germany's energy supply position would be strengthened. Unlike any other major European industrial country, Germany has no big oil company with secure access to reserves of its own. Veba, in which the Bonn Government owns 44 per cent and which it has long hoped would fulfil this role, has not yet been able to make up substantially the long lead in ex-

ported and sheer financial muscle of the international majors.

The deal with Deutsche BP received, firm assurances from BP itself in London that in times of short supply, such as the Iranian shortfall might yet be met.

The deal with Deutsche BP received, firm assurances from BP itself in London that in times of short supply, such as the Iranian shortfall might yet be met.

THE DEAL AT A GLANCE

- Deutsche BP acquires:
 - 25 per cent of Ruhrgas AG, exercised through the "Bergemann voting pool." This intermediary instrument, which has hitherto controlled 56.1 per cent of Ruhrgas, has its influence increased to 59.75 per cent. If pool is dissolved (by 75 per cent of all its participants), BP share in Ruhrgas has to be reduced to 9 per cent.
 - 31 per cent of DFTG (Deutsche Flüssigerdgas Terminal Gesellschaft), the company building Wilhelmshaven LNG importation facility.
 - 25 per cent of Speyer refinery.
 - 50 per cent of Ingolstadt refinery.
 - Stinnes-Strahmeyer oil and coal distribution group.
 - An option on Stinnes-Fanal concern, with over 1,000 filling stations and other distribution interests.
 - Veba gets:
 - DM 800m in cash.
 - A contract running from January 1, 1980, to January 1, 2000, for supply by the BP group, London, of 3m tonnes a year of crude at market prices. In times of shortfall, this crude to be treated no less favourably than supplies by BP to its own subsidiaries.

turn out to be, Veba would be treated no less favourably than BP's own subsidiaries.

Following its 20 year contract with Sonatrach, the Algerian oil and gas agency, for 4.5bn cubic metres a year from 1985, Deutsche BP has built up a post-

tion of its own as a future supplier to the West German market that was not foreseen when the deal with Veba was first mooted in June last year.

Count Lambsdorff cited this yesterday as a further advantage from the deal, since it both introduces a fresh competitor into the gas market and also strengthens the web of wide-ranging long-term contracts for liquid natural gas supply which Ruhrgas and other companies have concluded well into the next century.

The political difficulties that have held up Count Lambsdorff's decision, on the other hand, have had less to do with these very long-term considerations of national energy supply than with the alarm felt in West Germany that Veba, the national energy giant, should give up its stake in Ruhrgas in favour of a foreign-owned multinational.

The Federal Cartel Office, the Monopolies Commission and a good many Social Democratic members of the Bundestag have expressed concern that both the managerial independence of Ruhrgas and the relationship of gas as a fuel to oil would be turned inside out.

The strict conditions Count Lambsdorff has laid on voting weights within the Bergemann voting pool—that controls Ruhrgas—are intended to prevent dominance by the oil industry.

Similarly, however, the Minister has taken care to prevent a majority of the Bergemann pool from passing to Ruhrkohle, the giant of the hard coal industry.

If there is a loser among the companies concerned, it is perhaps Ruhrkohle, whose attempts to safeguard the future market for coal-derived synthetic natural gas through private agreements with Deutsche BP attracted the displeasure of both the Cartel Office and the Competition Department of the European Commission.

Count Lambsdorff has, probably wisely in the West German context, ignored advice from the Monopolies Commission that he should make use of the Government's control of Veba to bring about the kind of deal it wanted. Yet to achieve the same result, he has been obliged to impose on the two companies much further-reaching and more detailed conditions than in any previous case.

The Economics Ministry does not want, and probably does not have the power to check in detail how the consent order is carried out. But a precedent of much close involvement in the restructuring of a major industry has been set which will not be lost on other big companies thinking of getting into the merger game.

Soares restores his party's image

BY JIMMY BURNS IN LISBON



Dr. Mario Soares

DR. MARIO SOARES, the forgotten man of Portuguese politics, remains the undisputed leader of Portugal's major Parliamentary force.

At last weekend's Congress of the Portuguese Socialist Party, Dr. Soares' 250 page assessment of the past, present and future of Portuguese politics was unanimously endorsed by the delegates present, indicating that the former Prime Minister will remain at the forefront of the country's political stage at least through the next general election.

Dr. Soares' personal victory was the most remarkable feature of a generally dull meeting. Yet his major achievement was precisely the reconciliation of the diverse tendencies within his party which some observers had gleefully predicted would erupt into impassioned and possibly destructive debate.

The Socialists' divisions had become increasingly apparent in the days leading up to the congress, playing havoc within the party's own image of itself as the only solid political grouping in Portugal.

The division was over definition. Should the Socialist party present itself as the party of the Left, even if this meant a closer alliance with the pro-Soviet Communist party, as a purely electoral expedient, or should it move away from its Marxist programme and increasingly embrace a Social Democratic option even if this meant a closer alliance with the Social Democrat party (PSD), the Socialists' traditional rival?

Dr. Soares left open both options without coming forcefully down on either. It was, most observers admitted, a remarkable show of rhetorical juggling.

There was no real difference between "Social Democracy in northern Europe" and "Democratic Socialism in southern Europe." Any attempt to separate the two was therefore artificial, according to Dr. Soares.

Yet no sooner had he said this, warning the "moderates" in the congress hall, than the Socialist leader went on to define his party in unequivocal terms as a "party of the Left" which rejected "Social Democratism" as interpreted by Portugal's Social Democratic party (PSD).

Dr. Soares then urged his

party not to ally itself with any other party until after the next elections, the timing of which he left as ambiguous as anything in his entire speech.

But it was on the potentially divisive issue of the country's constitution that a "compromise" appeared most apparent.

The text was not a "sacred document" and contained a number of "Utopian concepts" which would have to be dropped in the near future. Dr. Soares however came out strongly against any change that would alter the present "legal framework" of the country's economic structures, particularly regarding the nationalisation issue.

The Socialist leader thus separated himself from the Communist party's steadfast defence of the 1976 constitution, venerated as the legal enshrinement of the revolution, yet stopped short of agreeing openly with large sections of the Portuguese political centre and Right who regard the text as contradictory within the context of Portugal's entry into the EEC.

On the issue of the Presidency, which last August led to so much personal animosity between the Socialist leadership and President Ramalho Eanes, Dr. Soares showed himself to some extent chastened by his experience. He did not openly for example attack the Presidentially backed Government of Independents as illegitimate as in the summer. Yet he balanced this by criticising any extension of Presidential powers in the future, adding that a civilian Head of State would probably insure Portuguese democracy better than a military one. President Eanes is a military man.

All told, the speech, widely accepted as the focal point of the three-day meeting, was the best example to date of the powers of rhetoric of this wily old fox of Portuguese politics.

Dr. Soares' pragmatism extended to what most political observers now see as the most pressing question in the short term: will the Socialist party allow the non-party Government of Dr. Carlos Mota Pinto to survive when it faces its crucial Parliamentary test over the budget and short term economic plan, later this month?

Here again, the Socialist leader played out between the more extreme members of his party who are urging for a more forceful opposition against the most conservative Portuguese Government since the revolution, and the moderates who are weary of Portugal's interminable political crises, and who prefer to wait for the next general election due in 1980.

Dr. Soares himself urged his congress to mark time rather than move all out against Dr. Mota Pinto and precipitate an election. He indicated though that his delegates should find it more difficult to maintain moderation if the Government did not amend its pledges on three basic issues: the introduction of a new "tax" on the 13-month Christmas bonuses; cutbacks in Central Government spending on local finance; and the 18 per cent ceiling on salary increases.

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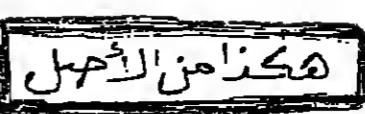


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هكزا عن الأحملي

OVERSEAS NEWS



Tehran eases business fears

BY SIMON HENDERSON IN TEHRAN

IMMEDIATE FEARS among the remaining representatives of the Western business community in Iran over the new Government's financial policies have been eased by the first statements of the new Finance Minister and the head of the central bank.

Both Mr. Ali Ardalan at the Finance Ministry, and Mr. Mohammed Ali Mowlavi at the central bank, have made efforts to ensure that the prospect of an Islamic republic will not be immediately accompanied by the Koranic obligation to abolish interest payments or by similar radical changes to the banking system as demanded by several political groups.

Mr. Ardalan said recently that the present provisional Government had no plans to

nationalise banking, and Mr. Mowlavi spoke sharply against the head of one bank for bringing up the subject of charging customers a commission instead of paying interest.

Neither man was well known before his appointment but both have good technocratic credentials and clearly are appointees of Mr. Medhi Bazargan, the Prime Minister, rather than the revolutionary committee around Ayatollah Khomeini. They thus remain vulnerable if the Iranian revolution should take a sudden, more radical, turn.

In such an eventuality, Mr. Ardalan, who as a taxation expert was a top Finance Ministry official even under the Shah's regime, could well be challenged by Mr. Abdul Hassan Bani Sadr, a Marxist-economist in his late

30s who was an aide to Khomeini in Paris. Mr. Bani Sadr's initial call for widespread nationalisation and import curbs is thought to have deterred Mr. Bazargan from considering him for a post.

Mr. Bani Sadr's luck could easily alter as the clash of systems—conventional Government versus revolutionary change—develops. Five days ago Dr. Ibrahim Yazdi, the influential Khomeini aide and Deputy Premier for Revolutionary Affairs, added his comment, saying a future Islamic government would introduce an interest free banking system in Iran which would revolutionise international banking.

A similar political threat is seen to endanger the central bank position of Mr. Mowlavi,

an economist and former envoy to the EEC. The revolutionary committee which initially took control is still said to be influential. The desire for workers control and contempt for the old systems of authority have touched almost every aspect of Iranian official and business life.

Each of the two top men at the Finance Ministry and the central bank may be too much of a technocrat to protect his own position against political opposition. An indication of their professionalism emerged for Mr. Mowlavi on Saturday when he announced the new monetary policy and one may emerge for Mr. Ardalan before the end of March in the preparation of the new budget—probably a series of austerity measures.

Rhodesia Minister leaves ZANU

By Tony Hawkins in Salisbury

DR. ELLIOT GABELLAI, joint Foreign Minister in Rhodesia's bi-racial transitional Government yesterday announced his resignation from the Rev. Ndabaningi Sithole's Zimbabwe African National Union (ZANU), saying he could not reconcile his conscience with the tactics being used by ZANU to win support in the April elections.

Dr. Gabelalai, however, said he would stay in the transitional Government until the elections, although political observers believe he will be forced to quit since interim Government posts are allocated to the party and not the individual.

Dr. Gabelalai's name was absent from ZANU's list of 72 candidates that it has put up for the black seats in the one-man, one-vote election.

Dr. Gabelalai's resignation follows many recent accusations against ZANU of intimidation.

Japan's economic growth will fall below 6%—survey

BY RICHARD C. HANSON IN TOKYO

THE LATEST survey of private investment plans for fiscal 1979, conducted by the government's Bank Japan Development Bank, indicates that real economic growth for the year is likely to fall to 5.6 per cent, or well below the official growth target of 6.3 per cent.

The survey also shows that the private sector during the current fiscal year ending March, and the following year, from April, will continue to fund more than three-quarters of such investment from internal sources, a bad sign for bankers. In most previous years the external sources provided about half of such private investment funds.

Domestic bank loans for the manufacturing sector will be down the most.

As of February 1, the companies surveyed (representing about 30 per cent of total Japanese private fixed investment) said spending will increase only 0.3 per cent in fiscal 1979 to ¥83,130bn (€20.8bn) following a 15.2 per cent rise estimated for fiscal 1978.

On the encouraging side, the

manufacturing sector expects that 1979 spending will be up for the first time in four years, by 4.5 per cent compared with a decline of 2.2 per cent for the year to March.

The only industries showing declines next year are shipbuilding (minus 46.3 per cent), cement and glass (down 8.1 per cent) and general machinery (down 0.4 per cent). In 1978, half of the 12 manufacturing categories report investment will drop.

On the other hand, investment plans in the non-manufacturing sector are dropping at a disappointingly fast pace. Even government-controlled investment in the electric power industry (37-38 per cent of all spending) will show a decline of 3.2 per cent next year from a peak this year when the increase was a sharp 38.4 per cent.

Economists are particularly concerned over lower than expected spending plans in the construction and real estate sectors. They note that the impact on the economy of government public works spending has been diffused by concentration on smaller welfare-type rural projects.

An unofficial analysis of the survey figures that private capital spending (excluding housing) next year will rise, on a Gross National Product basis a nominal 7 per cent to 10 per cent, translating into the estimated 5 per cent to 6 per cent real growth for the GNP as a whole.

The growth rate of the economy next year also will be adversely affected by any drop in energy consumption which appears likely to occur. The Government's 6.3 per cent real GNP growth target for next year (6 per cent for the present year) presumes an increase in oil consumption of 3.6 per cent in 1978.

Economists at the Economic Planning Agency say that a 5 per cent decline in the consumption of oil next year could mean zero growth in output in the manufacturing and mining industrial sector. It is not yet clear how any fuel conservation will be distributed through the economy.

Swiss refuse to freeze Pahlavi bank accounts

BY JOHN WICKS IN ZURICH

SWITZERLAND HAS refused to comply with the Iranian Government's request for Swiss bank accounts belonging to the Shah and his family to be frozen.

At a Press conference in Bern yesterday Dr. Kurt Furgler, the Minister of Justice, said that the Federal Council did not intend to block the accounts. The Government would not grant exceptional legal rights to Iran and felt that existing legal possibilities in Switzerland were sufficient.

This means that Bern has refused to take steps at government level but has pointed to civil proceedings as a possibility for the Tehran Government. The Iranians would have to prove a criminal act on the part of account-holders and would then be subject to a judge's findings.

S. Africa set to reject Namibia ceasefire plan

BY QUENTIN PEEL IN JOHANNESBURG

SOUTH AFRICA is preparing to reject two main recommendations of the UN plan for a ceasefire in Namibia (South-West Africa), although it may phrase this reply as a highly qualified acceptance, top officials indicated in Cape Town yesterday.

At the same time, the Democratic Turnhalle Alliance (DTA), the main Conservative and pro-South African organisation in Namibia, declared its intention of pressing for independence in defiance of the UN if the proposed ceasefire is not effected on March 15.

The deadline for a response to the UN plan from South Africa and the South-West Africa People's Organisation (SWAPO) is midnight in New York. The South African Cabinet began a meeting last night to formulate its reply.

But the DTA-dominated constituent assembly in Namibia

which was briefed at length by Mr. P. W. Botha, South Africa's Prime Minister, and Mr. P. K. Botha, the Foreign Minister, last week clearly indicated the likely response. The Assembly asked the South African Government to make no concessions allowing SWAPO bases to be established inside Namibia, as proposed by the UN.

The assembly also agreed that if the UN ceasefire was not implemented by March 15—and the South African objections obviously make that a problem—the assembly would renege on April 2 "to consider the necessary steps to lead South West Africa to independence."

The other major objection to the UN plan is that it does not impose effective monitoring of SWAPO guerrilla bases in neighbouring countries, but leaves that up to the Angolan and Zambian Governments.

Mr. Abdul Hafeez Pirzada, a former Minister in Mr. Bhutto's Cabinet and a close associate of the former Premier, had separate meetings yesterday with two of the country's most senior army generals, Lt. Gen. F. A. Chishti and Maj. Gen. K. M. Arif.

Bhutto bid

By Chris Sherwell in Islamabad

ATTEMPTS to strike a political bargain between Mr. Zulfikar Ali Bhutto, Pakistan's condemned former prime minister and General Ziaul-Haq, the country's military ruler, appear to have suffered an initial setback.

Talks on the deal, which probably would involve commutation of Mr. Bhutto's death sentence in exchange for undertakings about his political future, began on Sunday night.

Mr. Bhutto's bid to return to power has been a long and difficult one. He has been in and out of prison several times and has been a vocal critic of the military government.

Singapore GDP grows by 8.6%

BY H. F. LEE IN SINGAPORE

SINGAPORE'S economy grew by 8.6 per cent last year, surpassing the 7.8 per cent achieved in 1977 and the 7.8 per cent forecast by local government and business leaders.

Disclosing this in its 1978 economic survey, the Singapore Finance Ministry described the 8.6 per cent increase in Gross Domestic Product in real terms to Singapore \$10bn (€3.3bn) as "more than satisfactory."

The growth is the highest of the Asean countries. Thailand recorded an 8 per cent increase, Malaysia 7.5 per cent, Indonesia 7 per cent, and the Philippines 5.8 per cent.

Singapore's performance was modest, however, compared with its major export competitors—Taiwan, South Korea, and Hong Kong, which recorded growth rates of 12.8, 12.5, and 10 per cent respectively.

Singapore's balance of payments also improved, the payments surplus increasing twofold to S\$1.4bn, boosting official foreign reserves by 26 per cent to S\$11.4bn.

Due to larger capital inflow and increased net earnings from services, the widening trade deficit, which rose 22 per cent, is now at S\$2.6bn.

SINGAPORE HAS budgeted for total expenditure of S\$5.9bn (€1.8bn) for the 1978 fiscal year, 2 per cent higher than the previous year, our Singapore correspondent reports. Mr. Goh Chok Tong, senior Minister of State for Finance, presented the budget to Parliament yesterday.

A total of S\$2.6bn, 43 per cent of the budget, has been earmarked for development, principally housing, economic services and infrastructure. Current expenditure is estimated at S\$3.4bn, 12 per cent higher than for 1978.

The transport and communication sector kept its record as the fastest growing sector of the economy for the third consecutive year, expanding by 16.3 per cent.

The manufacturing sector expanded by 12 per cent, its best performance since the 1974 recession. The second largest source of growth, it contributed 28 per cent to the overall rise in the GDP.

The financial and business services sector grew by 8 per cent, but commerce sector expansion slipped to 7 per cent.

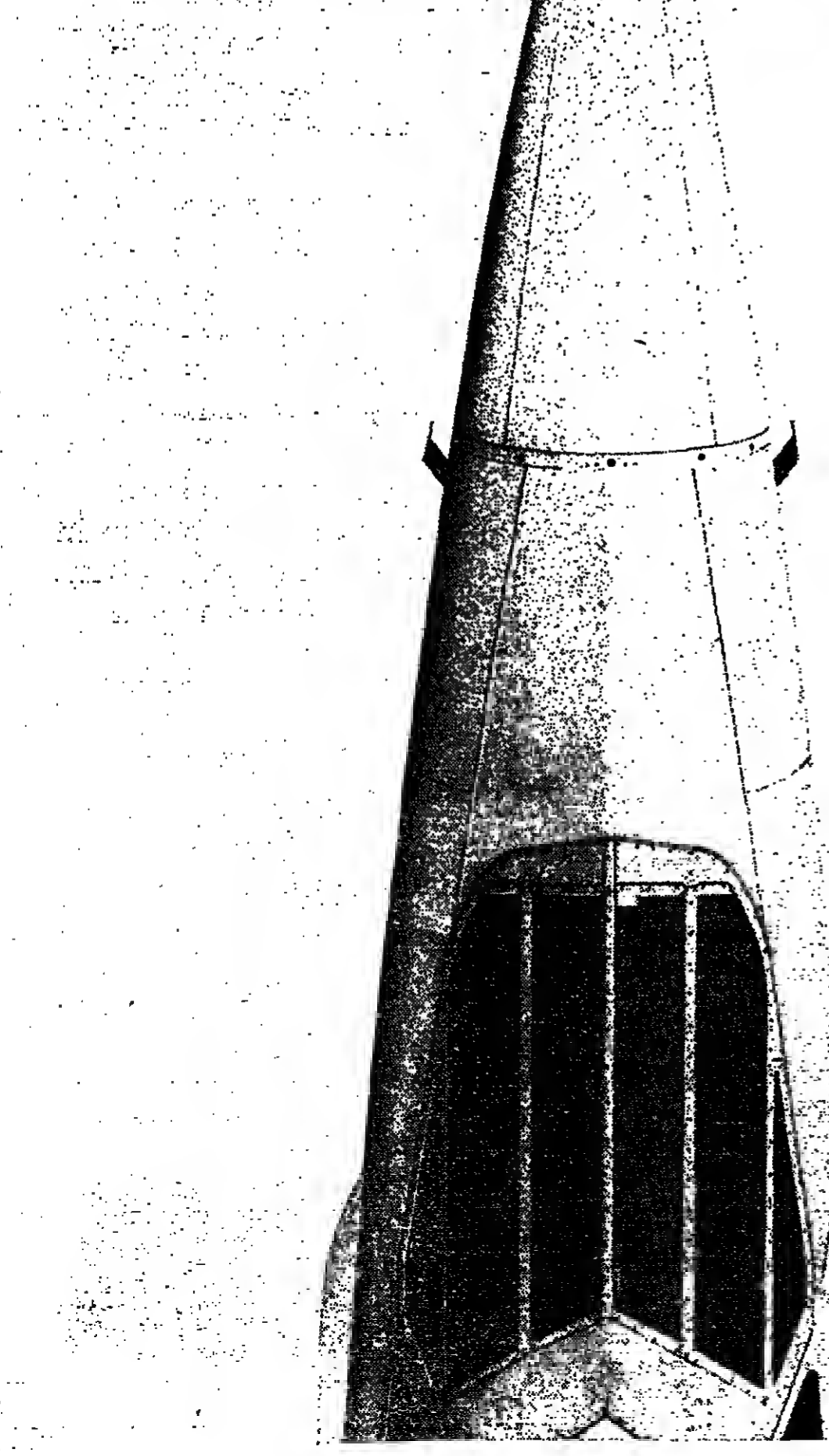
External trade increased by 15 per cent, to reach S\$2.6bn—the lowest growth rate in three years.

After adjusting for price increases, real growth was 11 per cent, comparing favourably with the 10 per cent achieved in 1977 and the 3 per cent overall rise in world trade.

Export growth was less buoyant, increasing by 14 per cent to reach S\$2.3bn, against 24 per cent previously. Adjusting for price increases, exports in real terms increased at a lower rate of 11 per cent against 16 per cent in 1977.

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Amin prepares counter-attack

By John Worrall in Nairobi

UGANDA'S President Idi Amin appears to have given up hope of Organisation of African Unity (OAU) mediation in his conflict with Tanzania, according to diplomats in Kampala, and there are signs that he is mustering his forces for a counter-attack in southern Uganda.

Tanzanian troops and Ugandan exiles are occupying a large area of southern Uganda, including the towns of Masaka and Mbarara, but their drive towards Kampala seems to have halted, or to have run out of steam.

The diplomats said Amin's Army commanders appeared to have persuaded him to launch an offensive. His troops have been stiffened by some 1,000 Libyan who have been flown into Kampala from Tripoli.

President Amin has been heartened by the recapture of the Lubonge barracks at Tororo, which were attacked on Friday by the Forces of National Revolt (FNR) who raided the armoury, and escaped with large quantities of arms and ammunition.

A force of Moslem troops from the Gaddafi Regiment, near Jinja, was rushed to Tororo, while another force came from Mortoro. President Amin also called in MiG fighters which flattened the barracks with rockets.

NZ price curbs to end

BY DAI HAYWARD IN WELLINGTON

THE NEW ZEALAND Government is gradually to lift price controls which have caused increasing distortions in the economy, according to Mr. Robert Muldoon, the Prime Minister.

The Government will retain the administrative machinery to penalise any trader who makes "excessive profits." Mr. Muldoon believes this will lead to increased competition, which in itself will regulate prices.

New Zealand also intends to change its policy and controls over overseas investment to attract more foreign capital. Stressing that the Government would not "sell out" New Zealand, the Prime Minister said the country needed overseas technological expertise to develop its resources.

The move to free price controls was recommended recently by the planning council, and also by a recent report by the Organisation for Economic Co-operation and Development (OECD) on the New Zealand economy.

Mr. Muldoon devoted a considerable portion of a weekend speech on the economy to criticism of the OECD and of its "brilliantly qualified economists sitting safe and secure in their marble palace in Paris."

To adopt some of the OECD

and Planning Council proposals to relax import controls would "do untold harm" to New Zealand companies, employers and individuals.

"My Government does not propose to destroy efficient manufacturing industries employing thousands of workers because of some theory put forward by desk-bound advisers who have no fear of being put in jeopardy themselves from any cause whatsoever," declared Mr. Muldoon.

TIME
THE WEEKLY NEWS MAGAZINE

WORLD OIL SHORTAGE
The Middle East "oil squeeze" is causing world problems.

MIDDLE EAST PEACE
Can Carter's new proposal bring peace between Israel and Egypt?

AMIN IN TROUBLE
Ugandan Dictator Idi Amin bangs on as battle for Kampala, the capital, rages.

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Pertini Call for final attempt to end crisis

NY blacks accuse Koch of racialism

By John Wyles in New York

Mayor Edward Koch's relations with a section of New York City's black community are a focus of increasing public concern following a demonstration which disrupted a "constitution hour" organised by the Mayor in Harlem at the weekend.

A strong police escort was needed to shepherd the Mayor out of the meeting at which up to 100 of the 500 people present chanted anti-Koch slogans accusing him of racism and disregard for the needs of the black community.

More specifically, many of the demonstrators were supporters of an attempt to force the recall of the Mayor by Mr. Vander Beatty, Brooklyn State Senator, who is chairman of the State's black and Puerto Rican legislative caucus.

The city's charter has no provision for ousting a mayor in mid-term and Senator Beatty is aiming to collect 50,000 signatures for a petition to put the necessary amendment to the charter to a public vote in November.

Among other things, the demonstration highlighted the fact that the Mayor has become the focus of black discontent over the impact of budget cuts forced on the city by its financial crisis.

In addition, feelings against the Mayor have been fanned by local black leaders who are exploiting residual anti-semitism in the black community.

Although Mayor Koch has been assiduously trying to build bridges with the city's black population since the start of the year, his efforts are greatly complicated by the lack of clear leadership among them.

The departure from the scene of Mr. Percy Sutton, former Manhattan borough president, after his failure to secure the mayoral nomination in September 1977, has left a leadership vacuum which no one has yet started to fill.

Equally, Mr. Koch has been reluctant to appease black interests. Last month he appointed a Georgia-born black, Mr. Haskell Ward, as deputy Mayor for Human Services, despite warnings that Mr. Ward was not acceptable to a number of black leaders.

But the Mayor is insisting on making policy decisions and appointments on merit. One of Mr. Ward's tasks is to rationalise and clean up allegedly corrupt and wasteful social service programmes over which black organisations have had substantial influence and control.

Liberal Senators warn Carter over SALT

BY DAVID BUCHAN IN WASHINGTON

THREE prominent Senators on the liberal wings of their two parties have warned President Carter that they now find the proposed SALT II arms treaty "very difficult, if not impossible," to support.

This is because, they say, the White House is going too far to placate Senate conservatives with new U.S. weapons programmes.

The joint statement by Republican Senator Mark Hatfield and two Democrats, Senators George McGovern and William Proxmire, constitutes the first stirrings of liberal opposition in the Senate to SALT II, which the Administration hopes shortly to conclude with Moscow.

It puts Mr. Carter on notice that he risks losing liberal votes by courting conservatives. The three Senators reminded the President that the margin for ratification of a SALT accord, which will require approval by two-thirds of the Senate, could be very tight—perhaps as little as three votes.

Last month, Mr. Carter said that the proposed SALT treaty would constrain the Soviet Union in certain aspects, while leaving the U.S. free to "pursue all the defence programmes we believe we may eventually need," including the controversial MX mobile missile project.

Administration sources, however, argue that when it comes to a Senate vote on SALT, the liberals will have little choice but to oppose Senatorial hardliners and vote for the agreement.

They see merit in the emergence of liberal pressure to counteract the strong conservative lobby against the planned treaty.

and Hatfield feel SALT II would do too little to reduce the superpowers' nuclear arsenals.

Administration sources, however, argue that when it comes to a Senate vote on SALT, the liberals will have little choice but to oppose Senatorial hardliners and vote for the agreement.

They see merit in the emergence of liberal pressure to counteract the strong conservative lobby against the planned treaty.



Senator George McGovern



Senator William Proxmire

Great ironies
Senator Proxmire, the cost-conscious Senate Banking Committee chairman and scourge of defence spending, complained that "one of the great ironies of the proposed agreement is that it will make the world safe for the MX, which he estimated could cost as much as \$300 (1515m).

CALIFORNIA FARM WORKERS' STRIKE

Violence in the lettuce fields

A BITTER Californian farming strike, in which one man has died and dozens have been injured, is testing the strength of Mr. Cesar Chavez's relatively young United Farm Workers Union (UFW). Mr. Chavez, who led the bloody, 20-year fight to unionise the Golden State's farm workers, is staking his reputation on the outcome.

The strike, which began on January 19, in America's "salad bowl," the Imperial Valley, is also likely to have a long-term effect on U.S. food prices. Nearly all the country's winter lettuce comes from Imperial Valley, a 3,000 sq. mile area along the California-Mexico border. More than one-third of the crop is ageing or rotting in the fields.

With more than 4,000 workers on strike at 10 farming companies, Mr. Chavez is now threatening to broaden his effort and possibly mount a nationwide lettuce boycott.

U.S. lettuce prices have more than doubled and growers who have been hit by the UFW say they are losing, collectively, \$1m a day.



Cesar Chavez: Test of strength

throwing UFW members, who are mostly Hispanic. One incident left 25 people injured and 30 cars and buses used by strike-breakers damaged or in flames. And last month a 28-year-old UFW worker was shot through the head. Three men employed by the owner of the land on which the killing occurred have been charged with murder.

Mr. Cesar Chavez asked for peace in the fields after an emotional funeral for the victim. Growers, blaming Mr. Chavez for "orchestrating terrorism," asked Governor Brown to call out the National Guard. So far, only extra police and riot-control armoured cars have been despatched.

\$7.38 an hour, and usually earn twice that working at piece rates.

Growers are making an all-out—and unusually united—effort to stop the UFW. A leading Los Angeles public relations firm was hired to present their case in TV "spots" and dramatically-worded newspaper advertisements. One, in the form of an open letter to "Cesar," accuses the union leader of mounting the strike because "you need the strike and conflict as an excuse to pour dissatisfied workers for poor union services."

The advertisement goes on to tell Mr. Chavez that his "outrageous, grossly inflationary demands" amount to asking for a 200 per cent increase on the overall UFW contract, "for work that already pays between \$4 and \$13 an hour." Growers have offered only a 7 per cent increase.

The difference between what farm companies claim to be paying and what labourers say they are receiving is explained by widespread piece-rate work, which union officials admit can bring in "up to \$8 an hour." But, says Mr. Chavez, a piece-rate stoop labourer is like an athlete. "he lasts about 10 years!" Thousands of hourly workers, mostly women and unskilled youngsters, receive the minimum, "and they work only about 800 to 1,000 hours a year, compared to 2,000 for a city worker."

Voyager passes Jupiter

PASADENA — Voyager 1 made its closest approach to Jupiter yesterday after 18 months in space. It then began its 20-month journey to Saturn.

Voyager's two television cameras transmitted pictures back to Earth, but one of Voyager's 11 scientific instruments developed a problem, and scientists ordered a temporary shutdown of the device, a photo-polarimeter, which was to measure chemical elements above Jupiter.

"We're always concerned when we have to turn an instrument off," Mr. E. Stone, a project scientist, said. "But we will be turning it back on... to determine whether the instrument will recover."

The failure occurred while the spacecraft was inside Jupiter's very intense radiation field, which may have caused the problem, Mr. Stone said.

Dr. Gary Hunt, of the Voyager photography team, said the results from the approach were outstanding and "the excitement is really tremendous" among National Aeronautics and Space Administration scientists.

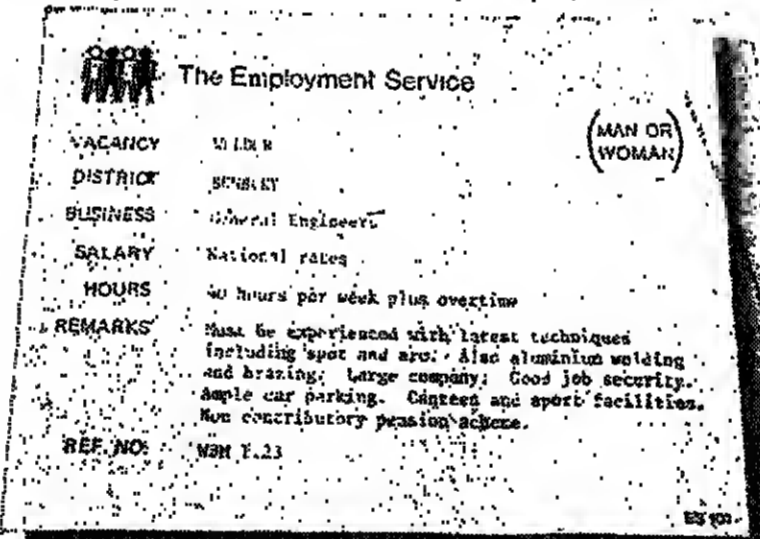
Voyager's pictures showed in great detail the swirling clouds around Jupiter, and also produced several pictures which were surprisingly featureless. Dr. Hunt said the pictures were close-ups of brown spots which drift across Jupiter's surface.

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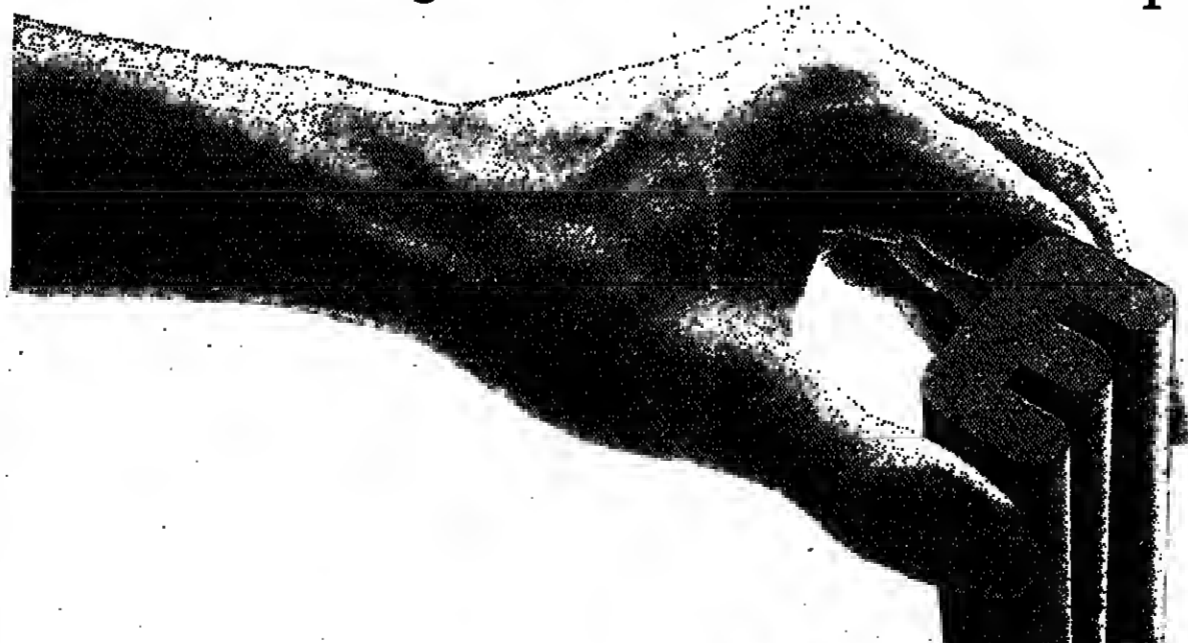
We could, for instance, recommend you talk to one of our employment advisers who will select a short-list of suitable applicants.

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Because we attach exactly the same importance to the job as you do.



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WORLD TRADE NEWS

U.S. approaches Japan on aircraft leasing plan

BY YOKO SHIBATA IN TOKYO

THE U.S. is asking Japan to allow American airline companies to benefit from a scheme where Japan leases aircraft to foreign companies at favourable interest rates in order to rectify Japan's trade imbalance. The U.S. Government has sent a letter to the Japanese Foreign Ministry on the matter and the U.S. Ambassador mentioned it in recent talks with the Prime Minister, Mr. Masayoshi Ohira. The Japanese Finance Ministry apparently has resisted allowing U.S. companies to take advantage of the deal because such a transaction would not show up as a debt in trade with the U.S. The scheme enables Japanese leasing companies under an emergency import financing programme to use Export and Import Bank (Exim) foreign currency funds in buying aircraft and transferring them to another country's airline. In the case of the U.S., which has its biggest deficit in trade with Japan, guidelines apparently do not allow the transfer of ownership of a U.S.-built plane to a U.S. company to show in the trade statistics without actual transfer of goods from Japan. Since the leasing system was introduced last summer, 14 cases (valued at \$460m, £230m) have received permission from the Exim Bank and another eight are in the pipeline. Fifteen of the aircraft were U.S.-made, but have been leased to countries other than the U.S.

U.S. companies are dissatisfied with the cost advantage to European air carriers who have taken advantage of the scheme. The Exim Bank provides a 10-year loan at only 6 per cent per annum to the leasing company, which in turn charges 8.25 per cent a year to the customer—well below the rates charged by U.S. leasing companies. The Japanese Government may adjust its stance on the

matter before Prime Minister Ohira visits the U.S. this spring. There are no specific guidelines in the scheme which actually ban U.S. companies. Japan's colour television exports in January fell 46.8 per cent to 163,395 sets from 304,042 in December and were down 32.9 per cent from 242,019 in January last year following a sharp drop in shipments to the U.S., Reuter reports from Tokyo.

Blumenthal visit ends

TOKYO—The U.S. Treasury Secretary, Mr. Michael Blumenthal, left for home yesterday after talks with Japanese Government officials on trade with China. Foreign Minister Sunao Sonoda told Mr. Blumenthal it was essential that the U.S. and Japan did not try to exclude each other from the re-opening Chinese market. Japanese officials said. Mr. Blumenthal, on a one-day stopover in Tokyo after spending a week in China, in turn warned Japan against offering China cut-rate loan deals which disrupt the Chinese market, the officials said. Mr. Blumenthal last week initiated an agreement with Chinese officials which cleared the way for full trade relations

between Washington and Peking. Japan is negotiating with China over trade deals worth \$30bn under an eight-year agreement reached last year. Mr. Blumenthal said in an interview published here, that the Bank of China will probably open a branch office in the U.S. this year. He told a Press conference in Peking last week the bank has been invited to open an office in the U.S. and it indicated an intention to do so at an early date. The Bank of China has established full commercial banking relations with New York's Citibank, the world's second largest commercial bank, completing China's new link-up with all the major U.S. banks, Reuter.

Polish rail project delayed

HEAVY RAINFALL and shortages of earth-moving equipment last year and now heavy snowfalls have led to delays on the construction of Poland's first broad gauge railway, the largest project the Polish state railways have undertaken since the war, Christopher Bobinski writes from Warsaw.

The 397 km long line, which is to link the Polish-Soviet border at Hrubieszow to the new Huta Katowice steelworks in South-west Poland, was to be completed by this December but as yet only 120 km of track has been laid as against the 200 km planned for December 1978. The Soviet railway network is wider than the rail systems in the rest of Europe and the project aims at saving on costly transshipment of Soviet iron ore for the steelworks and Polish coal exports at the border.

Austrian ski sales rise

By Paul Landvai in Vienna

AUSTRIA LAST year exported about 90 per cent of its skis out of which totalled 3.4m pairs representing a total value of Sch. 2.3bn (about £85m). Exports accounted for 2.7m pairs (worth Sch. 1.7bn.) Although the number of skis sold abroad rose from 2.5m pairs in 1977 to 2.7m pairs, the export earnings remained stagnant at Sch. 1.7bn. This was due to a higher proportion of exports of the cheaper cross country skis. While only 525,000 pairs of cross country skis were exported in 1977, representing an aggregate value of Sch. 270m, the sales total abroad last year rose to 749,000 pairs worth Sch. 345m. During the same period the exports of Alpine skis dropped from 2m to 1.9m pairs and in value from Sch. 1.42bn to Sch. 1.34bn.

Romania deal

Dowty Boulton Paul has received from Romania an order worth more than £800,000 to supply powered flying control equipment for the Jucur fighter aircraft. The order has been placed with Dowty by Techno-Importexport in Bucharest. This supplements an earlier £500,000 contract for a similar quantity of control equipment, received from Yugoslavia, which is a work-share partner with Romania in the Jucur aircraft.

E. Germany increases coal imports as mines freeze

BY GUY HAWTIN IN FRANKFURT

THIS YEAR'S harsh winter has prompted the German Democratic Republic to buy large quantities of coal from West Germany. So far the deals have been worth some \$16.1m and further purchases could be possible if there is a new, prolonged snow-spell. The problem for the GDR has been that the freezing weather has prevented the mining of the brown coal (or lignite) on which it depends for most of its power generation needs. When the ground is frozen, surface mining operations are virtually impossible. Normally the GDR's brown coal stocks are sufficient to see it through the usual cold snaps. However, the winter this year was exceptionally hard and the unusually long

cold spell meant that additional supplies were needed. The beneficiary of the situation was Saarbergwerke, the state-owned coal mining concern, located in the economically depressed Saarland. It is understood that they have delivered to the GDR some 120,000 tonnes of hard coal to cover the shortfall. It seems likely that the GDR turned to the West Germans rather than their Comecon trade partners for supplies partly because transport costs were lower and partly because production from pits in countries such as Poland were probably committed. Reports of a deal appeared in the West German Press some time ago, however, most journals reported the GDR's

purchases as being coking coal and cited quantities in the region of 80,000 tonnes. On this basis, the reports appeared to confuse a long-established trade between the two German republics with a new deal. Brown coal, which serves most of the GDR's energy needs, is not suitable for the manufacture of coking coal and for many years the Democratic Republic has had contracts with West German pits for the supply of coking coal for its steel industry. This winter's purchases of coal from West Germany, however, were destined for the GDR's power stations. Though brown coal, no conversion is required for West Germany's hard coal.

Orders rise for Swiss machines

By John Wicks in Zurich

THE SWISS machine-building industry recorded a sharp rise in foreign orders in the fourth quarter of last year, according to the Association of Swiss Machinery Manufacturers. The value of orders received from abroad by the machine-building and metal industries was up to SwFr 2.28bn (£876m) for the period. This was 24 per cent higher than in the third quarter, which had itself seen a sharp 22 per cent decline on the previous three-month period. Despite the improvement in foreign demand the foreign share in total new-order value was of only 62.5 per cent for the fourth quarter of 1978, compared with 69 per cent for the corresponding period of the previous year.

EMI scanners for China

Financial Times Reporter

EMI MEDICAL of Hayes, Middlesex has signed a contract worth over \$1m with representatives of China for the supply of two EMI-Scanner computed tomography (CT) systems and an advanced radiation therapy planning system. These will be the first general purpose CT scanners sold in China and the equipment is to be installed in the Cancer Institute of Peking. The contract was signed in London by a Chinese purchasing delegation led by Mr. Chiang Ju-ken, deputy manager of 2nd Import Department, China National Chemicals Import and Export Corporation.

Third World against concessions

BY BRIJ KHINDARIA IN GENEVA

THE WESTERN nations, particularly the Common Market, have been taken aback by the toughness of developing countries' reaction to their demands for an element of reciprocity in trade relations now being elaborated as part of the Tokyo Round of trade negotiations here. The West has asked that the Third World countries should agree in principle to lower their own barriers to imports from richer nations when they begin

to reach an advanced stage of development in some industries, and succeed in competing effectively with industrialised countries' products. The kinds of problems in the minds of Western negotiators are those created by high quality and cheap exports by some more advanced developing countries of products such as textiles, clothing, shoes, some electronic goods, household electrical implements and certain kinds of steel. Some of these exports have

already dealt a serious blow to domestic manufacturers in the West—Britain for example, has been heavily hit by Far Eastern textile products—while others will become important during the next decade. The Community's suggestion is that such advanced developing nations should agree to hold consultations in the late 1980s and lowering import tariffs—after their eight-year tariff-cutting period which would begin next year if the Tokyo Round finishes this year.

UK may grant £50m to Sudan

BY JAMES BUXTON

BRITAIN IS considering making a large grant to a power project in Sudan which would mean substantial orders for British companies. It is understood that the sum involved is about £50m. The Overseas Development Ministry has told the Sudan Government that, subject to certain conditions, it will make a big contribution to a \$250m (£125m) World Bank project for increasing Sudan's electricity supply. The project is for increasing the power generating capacity at power stations in the Khartoum area and at the Roselres dam on the Blue Nile, which together form part of the Blue Nile grid system. The equipment includes diesel,

steam and water turbine generating equipment, and transmission equipment. Britain's contribution to the project depends on the receipt and acceptance of the World Bank's full appraisal of the project, on the funds being available at the time of commitment and on the ability of British manufacturers to produce the equipment needed. At the end of last month Mr. John Tomlinson, Parliamentary Under-Secretary at the Ministry, discussed the scheme in London with the Sudanese Planning Minister, Mr. Nasr el-Din. He is now on a visit to Sudan. Britain, which has stepped up its aid to Sudan in the past year to help the country through its pressing economic problems,

has been seeking a "jumbo" aid project which would have a major impact. It now appears that the power project has been selected for this role. The project is politically important to Sudan. Last summer very high temperatures caused high electricity demand which, combined with power generation difficulties, led to long power cuts. The fact that this coincided with fuel and food shortages seriously threatened the pro-Western Government of President Jaafar Mohammed Nimeiri. It is understood that the International Development Authority, a branch of the World Bank, is prepared to contribute \$30m towards the project.

ITALIAN TRADE CENTRE

Hopes pinned to increased exports

BY RUPERT CORNWELL IN ROME

SOME TIME next year the glossy complex that will house the Italian arm of the World Trade Centre Association will be ready at Milanofiori, a few miles south west of Italy's business and commercial capital. But already, only a few months after Sig. Guido Carli, former Bank of Italy Governor, and now president of Confindustria, the employers federation, laid the foundation of the new headquarters stone last July, the organisation is hard at work in its provisional headquarters at Via Brisa. Italy is setting up its own offshoot of WTC somewhat late in the day, more than 10 years after the organisation was born in New York, and when 27 such centres are operational already across the world. Yet the decl-

ine to go ahead is further proof of the long-delayed but considerable help that Government and organised industry are now giving to Italian exporters. The countries' ability to export its way out of an economic mess has been often proved in the past. Most recently, in 1976 Italy seemed to be on the brink of economic disaster. Two years later, in 1978, it achieved its first trade surplus in a full year since 1949. The performance partly reflects favourable terms of trade, particularly the weakness of the dollar, but also the remarkable energy and success of Italy's export salesmen. The best known of them, Sig. Rinaldo Ossola, the Trade Minister, has visited some 30 countries since he took office two years ago, while export credit facilities, and diplomatic support for exporters, have been

strongly stepped up. Now with impeccably private credentials, the Italian WTC has joined the campaign, geared to aid the myriad small and medium sized companies which together form the real backbone of the national economy. The finished Milanofiori centre will in effect be a giant computer-dating service for exporters and importers, providing, it is envisaged, trade information on every conceivable kind at the press of a button, seven days a week, 24 hours a day. Some 10,000 people will work there ideally to offer a service that Italy's entangled, official bureaucracy by nature cannot. Foreign buyers will have immediate computerised access to the full range of goods on offer by companies associated with the WTC. In the other direction Italian exporters will

be able to investigate future markets, obtain legal and customs advice, specification requirements, documentation, assistance and help with insurance, translation and other facilities. Milanofiori will also complete with a leisure centre and club, in the restored Vicenti Castle nearby, dating from the 13th century. In theory it looks perfect, but will it work? The question has to be asked because of the entrenched distrust of a country that still largely works along local and family lines for the superstructure of the centre, state-run or otherwise. Already the small and medium industries are organised along their own lines: often in Consorzi consortiums set up on either an ad hoc, or area basis by industry, to pool their efforts, especially in the export field.

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مركز الأعمال

هكزامن الشهر

Orders rise for Swiss machines

By John Wick in Zurich
THE SWISS machine industry recorded a 10 per cent increase in foreign orders in the quarter of last year, according to the Association of Machinery Manufacturers.
The value of orders from abroad by the building and metal industry was up to SwFr 2,200 million for the period, 23 per cent higher than in the quarter, which had a sharp 22 per cent drop in the previous three months.
Despite the increase in foreign demand, the share in total new orders was only 62.5 per cent, compared with 69 per cent in the corresponding period of the previous year.

EMI scans for China

Financial Times reports
EMI MEDICAL, a Middlesex, has the contract worth over \$10 million to supply two EMIScanned tomographs and an advanced therapy planning system. These will be for general purpose use, sold in China and to be used by the Cancer Institute of London. The contract was signed by a Chinese delegation led by Chang Jueken, deputy of the 2nd Import of China National Import and Export

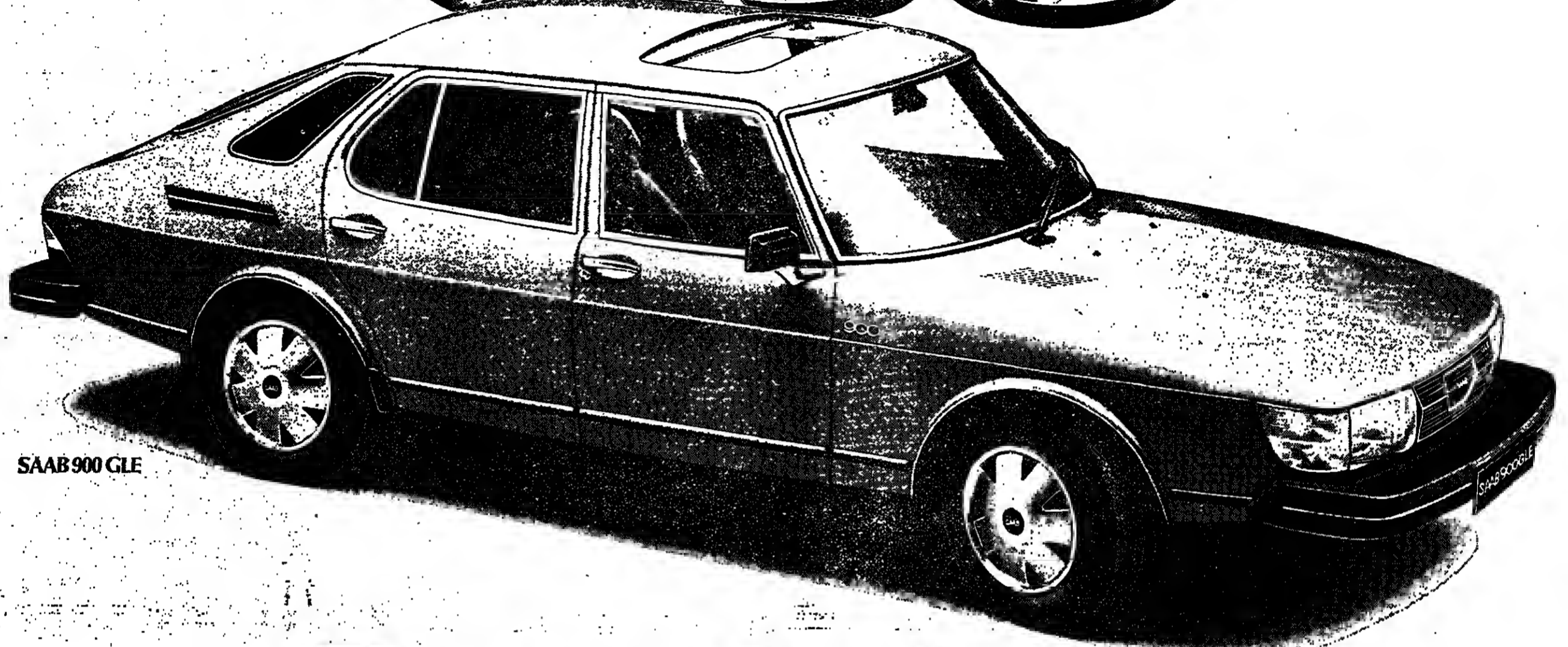
export

be able to improve market, giving a custom service to requirements own assistance and help. The contract was signed by a Chinese delegation led by Chang Jueken, deputy of the 2nd Import of China National Import and Export

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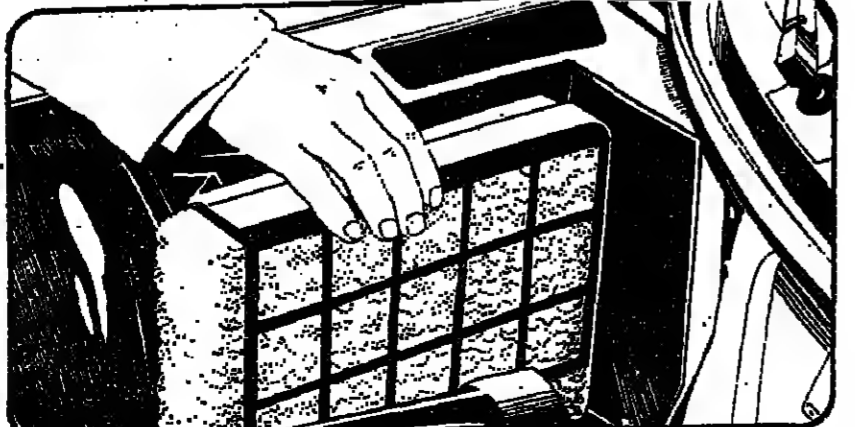
The SAAB 900 has the power of a leader. The outstanding turbo-powered models give two litre efficiency and power in the high performance - plus league, (145 bhp din). It's exhilarating, reliable and unusually satisfying to drive. The fuel injection EMS and GLE models deliver a powerful 118 bhp din. The twin carb. 2 litre GLS models at 108 bhp din will give you executive-style cruising at motorway speeds. The single carb 2-litre model 100 bhp din gives you comfortable motoring. Rally proven, the SAAB 2 litre engine is a superb example of the best in Swedish engineering.

Leading in Driveability

The SAAB 900 enforces new levels of road holding and handling. It is designed to obey your every command. Designed so you experience complete control. Front wheel drive gives increased traction. Steering geometry advances reduce lateral acceleration or "body swing". This means safer, relaxed motoring and increased comfort for passengers.
The steering is more responsive and the directional stability gives consistent behaviour regardless of road conditions and load.
On the turbo and automatic models you'll find power-assisted steering as standard. But not just any power steering. At speed our power steering gives you the same response and control as a SAAB 900 without P.A.S. You'll only notice it when you need it, in town or parking.

Leading in Comfort

A remarkable SAAB 900 first is the filtering of all air entering the driver/passenger compartment. A new filter removes most contaminants even pollen. So inside the SAAB 900, the air you breathe will be cleaner than that outside.



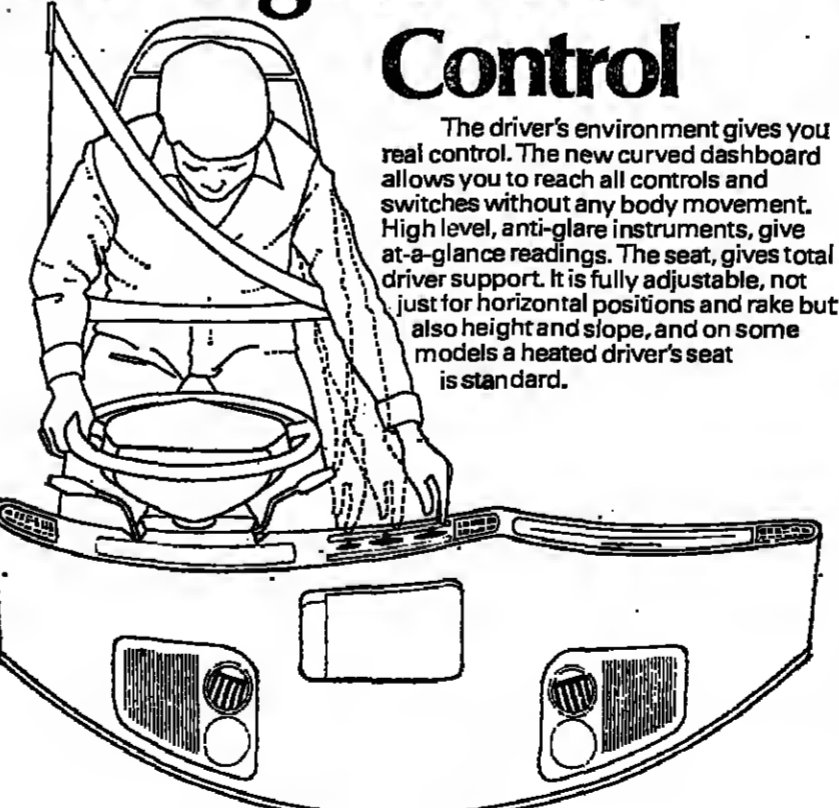
The unique air filter can easily be removed when necessary. Also our designers have allowed for possible air-conditioning needs.

The SAAB 900 is roomy and spacious. To give some idea, it's slightly longer than the Rover 3500. But inside you'll notice the difference - velour upholstery and trim, exude luxury. On the top models there's even seat belts and head rests for the rear passengers.

The heating and ventilating system is also unique. It provides a constant level of warmth - once set - through outlets including a demister for the side windows. Exceptional sound insulation will protect you from the hassle of the outside world.

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The driver's environment gives you real control. The new curved dashboard allows you to reach all controls and switches without any body movement. High level, anti-glare instruments, give at-a-glance readings. The seat, gives total driver support. It is fully adjustable, not just for horizontal positions and rake but also height and slope, and on some models a heated driver's seat is standard.

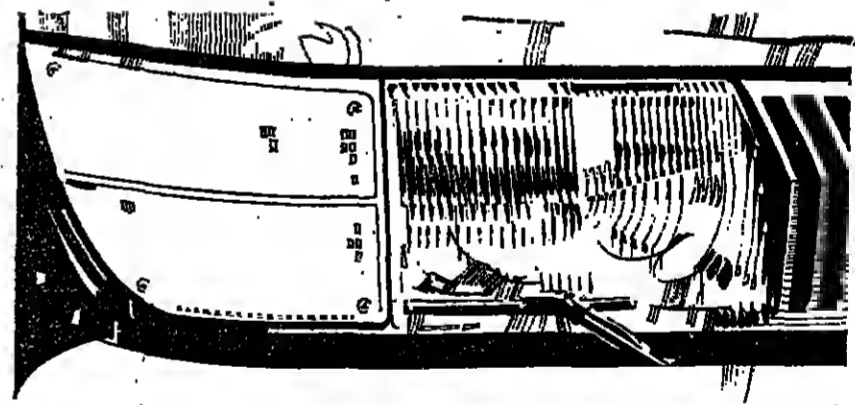


Leading in Safety

The SAAB 900 incorporates many new safety features. Including further developments of the steering wheel designed to actually help prevent injury rather than just reduce it.

A unique mesh bellows mounted on the steering column acts as a cushion in the event of a serious collision. Another unique development below the dashboard, protects knees and legs. And the staged crumple zones backed up with the most rigid passenger safety cage really protects those inside.

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The new SAAB 900 is an exceptional car. All models include other SAAB firsts as standard i.e. headlamp washers and wipers, efficient energy-absorbing bumpers, heat and sound insulation roof lining. The rear seats of the 900 will fold down to give you over 6 feet of flat loadspace and there's no awkward sill to lift over. Inside is a cavernous 53 cubic feet of luggage space.

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3 dr GLS Auto	Power steering as standard	£6,225
5 dr GLS	2 litre Hatchback + twin carbs.	£5,995
5 dr GLS Auto	Power steering as standard	£6,555
3 dr EMS	Sports coupe hatchback. Low profile tyres alloy wheels	£6,995
5 dr GLE	Fuel injection, automatic, power steering, steel sunroof, tinted glass, heated front seats, radio cassette player	£7,675
3 dr Turbo	Turbo-charged power. Ultra low profile tyres, steel sunroof, tinted glass, radio cassette player	£8,675
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UK NEWS

Gas chairman condemns policy changes

BY ROBIN REEVES, WELSH CORRESPONDENT

A STRONG ATTACK on the Government's handling of the gas and other nationalised industries was made last night by Sir Denis Rooke, chairman of the British Gas Corporation.

He accused the Government of "repeated changes in policies, as often as not reflecting short-term political expediency, which make the task of consistent management almost impossible."

"The nationalised industries have been expected to keep open out-dated plant in order to prevent unemployment, to maintain services that are little used or to expend capital on plant that the appreciation of market demand does not justify."

Then the nationalised industries were held responsible for the financial shambles that inevitably resulted, and the social consequences. What is needed is a self-denying ordinance on the part of politicians," he said.

Sir Denis, who was addressing the Cardiff Business Club, did not accept for one minute that nationalised industries were not subject to adequate provision. Their real need was for clear and quantifiable objectives, he said.

The gas industry's financial target of a 6.5 per cent return on turnover, set by the Government just before Christmas, was a step in the right direction. But he was deeply critical that it had been arrived at without proper consultation and was intended to apply to 1979-80 only. "This is not the sort of thing the corporation has been asking for," he said.

"What we want is a target on a rolling basis, covering several years, which will provide a framework for planning more than one year ahead and would allow us to even out variations from year to year."

Sir Denis confirmed that the corporation had applied to the Price Commission for an increase in tariffs from April 1—believed to be between 8 and 10 per cent—although its profit in the current financial year would be significantly above the £180m profit for 1977-78.

The tariff increase would be the first for two years and had been made all the more necessary by the Government's decision to raise their financial target from 4 per cent to 6.5 per cent on turnover to prevent a widening in the price differential between gas and other fuels, he stressed.



SIR DENIS ROOKE Chairman of British Gas

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Government plans 'temporary dons'

BY MICHAEL DIXON, EDUCATION CORRESPONDENT

SECONDMENT of temporary lecturers from industry, commerce and the professions was suggested by the Government yesterday to help cope with a short-term peak in student numbers in the mid-1980s.

The Department of Education and Science has acknowledged that demand for student places in universities and polytechnics seems unlikely to reach the previously projected peak of 800,000 before demand starts to decline steeply because of reduced birthrates.

In the Department's revised estimates, demand could well rise no higher than the 560,000 places already planned for 1982-83.

Mrs. Shirley Williams, Secretary for Education and Science, said in London yesterday that she still hoped that increased demand by older people for higher education would help solve the problem of surplus capacity for students when the number of 18-year-olds declined after the late 1980s.

Steps to free many middle-income families of the cost of their children's higher education will be advocated by the National Union of Students today as part of its claim for a 40 per cent total increase in provision for students' grants.

The NUS wants the "ceiling" of residual income above which parents are supposed to contribute toward students' living costs increased from the present £3,500 a year to £6,000, which represents a gross income of roughly £7,500.

The age at which they are deemed independent of their parents should be lowered from 25 to 21, the NUS says.

GLC interest in review of Maplin airport plan

THE Greater London Council is interested in studying with Essex County Council the possibility of reviving the plan for an airport on reclaimed land at Maplin, off the Essex coast.

A proposal for a joint feasibility study will be put to the GLC's Planning and Communications Policy Committee tomorrow.

The original plan for a two-runway airport at Maplin, to ease the growing congestion at Heathrow and other inland airports, was cancelled in 1974, the wake of the oil crisis and subsequent industrial recession, because of its cost—at that time estimated at more than £500m—and uncertainties about traffic growth.

The scheme now envisaged would be much more modest but still cost about £220m.

Increased cash for inner-city 'partners'

BY PAUL TAYLOR

THE SEVEN inner-city partnership areas in England and Wales will be given £19m more in Government aid in 1980-81, Mr. Peter Shore, the Environment Secretary, said yesterday. The additional funds are a 25 per cent growth in real terms over those available in 1979-80.

In 1979-80 the inner-city partnership areas will receive £73.6m, at 1978 survey prices, in urban programme grants. Mr. Shore, answering a Parliamentary question, said the additional funds were necessary to "maintain the momentum" of inner-city policy.

The partnership areas are the main plank of the Government's policy to revive the rundown inner-city areas in England and Wales, set out in the 1977 White Paper Policy for Inner Cities.

The areas are those in which since publication of the White Paper, seven partnerships between central government and local authorities have been set up. All have now completed the initial task of drawing up programmes for tackling their particular problems.

The partnership areas are Liverpool; Manchester/Salford; Birmingham; Newcastle/Gateshead; London docks; Hackney/Islington; and Lambeth.

Under the programme London docks receive the largest share of the special grants, £16.3m in 1979-80, rising to £20.4m in 1980-81.

'Palace' ruins sold for £4.5m

By Christine Moir

THE RUINS of the Palace of Engineering, built for the Empire Exhibition of 1922, have been sold for £4.5m. The identity of the new owners has not yet been disclosed.

The palace which occupies a 16-acre site next to Wembley Stadium in London, is owned by the Wembley Trust and is run by British Electric Traction, which comprises a quarter of the company.

The other three partners in the trust are property companies—Town and City Properties, Alnatt London Properties, and Wardlaw Investments.

The Wembley Trust bought the site in the early 1960s for £700,000. At that time the Post Office was using the crumbling building, but it moved out when the roof threatened to collapse.

The roof was removed and the building was scheduled for demolition and redevelopment by the Ronald Lyon group which has been given a building lease by Wembley Trust.

The collapse of Ronald Lyon in 1974 halted the plan.

Tax deposit rate lowered

By Michael Lafferty

THE RATE of interest applicable to certificates of tax deposit has been reduced from 13 to 10 per cent. The certificates may be used for paying future tax bills—either simply as an investment instrument. In the latter case, the lower interest rate of 10 per cent applies.

The interest is subject to tax in the normal way, but one of the features of the certificate is that the interest rate prevailing at the date of purchase applies for the following two years.

Britain bans Uganda Airlines freight flights to Kampala

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

THE UK Government has told Uganda Airlines that it will no longer be allowed to carry freight on flights out of the UK.

While there is no ban on the airline bringing freight into this country, the fact that it will no longer be able to pick up export cargoes here seems likely to halt its flights to and from Britain.

Uganda Airlines made about 90 flights last year between Stansted Airport, Essex, and Uganda and 12 in the first two months of this year, using a Boeing 707.

The flights carried a wide variety of goods, including industrial and construction equipment, spare parts, medical and educational supplies, consumer durables and luxury goods such as alcohol.

Claims that some of the flights had been carrying arms for Uganda have always been strenuously denied by the airline's representatives in the UK.

Ugandan exports to Britain carried by the airline have included coffee.

No reason was given for the ban on the carrying of export cargoes, but it is a political decision taken by the Government and not by the Department of Trade alone.

It was made clear some time ago that the flights were being reviewed by ministers because of public criticism against them arising from Uganda's attitude to the UK.

The flights affected are all non-scheduled freight trips. There are no direct passenger air services by Uganda Airlines between Kampala and the UK and British Airways does not serve Uganda.

Spending on food increases sharply

FINANCIAL TIMES REPORTER

SPENDING ON food increased sharply in January, but sales of durable goods fell, probably because of the effects of the lorry drivers' strike.

According to final retail trade statistics for January, published yesterday by the Department of Trade, the volume of trade fell overall by more than 4 per cent, compared with December, to a level below that of the second half of last year. The food sales increase was more than offset by a sharp fall in sales of non-food shops.

In the three months from November to January the overall volume of sales was 1 per cent higher than in the previous three months. The volume of sales by food shops in the period was 3 per cent higher. Sales by clothing and footwear, and durable goods shops show little change over the three months, while sales of other non-food shops fell by 1 per cent.

New instalment credit worth £491m was advanced by finance houses and hire-purchase loans by department stores in January, after taking in seasonal factors. Lending by finance houses alone was bigger than in December, but lower than November. On the other hand, hire-purchase loans were higher than in recent months.

Total advances in the latest three months, November to January, were about the same as in the previous three months. Lending by finance houses decreased by 1 per cent, but lending by hire-purchase loans was 2 per cent ahead.

HIRE PURCHASE CREDIT AND RETAIL SALES

Table with columns: New credit extended by Finance Houses, Retail Volume (revised), Total Debt (unadjusted), Total, and Disposable Income (1970=100). Rows include monthly data from 1976 to 1979.

Planning forum for local authorities

THE GOVERNMENT has accepted proposals from the three main local authority associations for a national development control forum to monitor planning matters and give advice.

The forum, based on the existing structure of local inter-authority planning bodies, was first proposed by the local authorities in November. It was seen as an attempt to head off pressure from MPs for a more rigid system of control involving planning assessors.

The acceptance by Mr. Peter Shore, Environment Secretary, of a forum structure—without a regional tier—means that the local authorities have avoided losing any of their independence as planning authorities.

The main function of the national forum will be to consider practical problems arising from development control legislation and, in a consultative capacity, suggest solutions.

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Howell insurance subsidiary inquiries

By John Moore

THE CITY of London Police fraud squad is investigating irregularities in a subsidiary of D. O. Howell, a Lloyd's of London insurance broker.

The subsidiary is D. O. Howell (U.K.), a company that specialised in the placing of motor insurance business for commercial vehicles.

The fraud squad started its investigations under the supervision of Detective Superintendent E. C. Brangrove, towards the end of last year after receiving a complaint. It declined to indicate the specific area of its inquiries but said yesterday that it "was investigating some irregularities."

Lloyd's suspended D. O. Howell, the parent company, last August from placing business at Lloyd's after the disclosure of irregularities involving many commercial motor policies.

It said in a statement at the time that D. O. Howell (U.K.), the subsidiary, "had issued extensions which purport to include accidental damage, fire and theft to a substantial number of mainly third-party commercial motor policies."

"Assureds holding these policies are advised that it is doubtful whether proper insurance cover exists for these extensions."

D. O. Howell (UK) went into voluntary liquidation last December after insurance companies refused to pay claims of about £325,000. The company also faced possible large claims for the return to policyholders of premiums on the doubtful cover.

Conversion steals Ideal Home show

By Lucia van der Post

PRINCESS ANNE opened the 71st Daily Mail Ideal Home Exhibition in London yesterday and those who had fears about its move to the larger setting of Earl's Court can rest assured.

In an uncertain and changing world the Ideal Home show may come and go, but through it all the mixture is virtually unchanged.

On the ground floor, all the nationalised industries are present in force.

The Solid Fuel Advisory Service tempts us with its 'v' oldie worlde replicas, its vision of warmth and cosiness, while over the road there is the British Gas Pavilion (the only occasion, apparently, when the public can see every domestic gas appliance under one roof), and nearby the Electricity Council tells us that electricity is, after all, the best boy.

Among the best displays is the Greater London Council's demonstration of how old rundown Victorian terraces can be rescued and turned into charming homes.

New world

The rooms present the main problems — they are too dark, too small, have a bad outlook, are dominated by ugly fireplaces and lack decent storage.

From the cobweb-ridden interior of the run-down terrace you turn into the bright new world of the modernised version — the work of Bentalls and the GLC.

One of the perennial charms of the Ideal Home Show is the furnished houses. They appeal to us all and offer a glimpse of how the other half lives. The best of these are furnished by Habitat and Woman magazine.

Habitat products are displayed in complete home settings so that apart from admiring the quality of design, one can see how the wallpaper, the fabric, or the wall storage can be arranged best.

I often find the most pleasure in the small, retiring stands you have to scurry out. There is a tiny Japanese stand — an oasis of calm and peace — with nothing but some straw matting on the floor, a tranquil painting or two, some flowers, a large table and two cushions. It was the most attractive room in the place.

Car premiums rise 4.7% says Quotel

MOTOR INSURANCE premiums rose by 4.7 per cent on average from mid-November to the end of January according to the Quotel Motor Index.

The index for January was 151.4, against 144.6 in November, and 128.9 in February 1978 — a rise of 17.4 per cent over the past 11 months. The index was started at 100 in May 1978.

Quotel provides a computer-based insurance information service to brokers designed to give the latest rates on a variety of insurance premiums.

The analysis of rate changes by region over the period shows a comparatively uniform rise through the country. The rates applicable to Cornwall rose by 5.5 per cent, while those for Central Glasgow by only 3.9 per cent.

Tough new lorry load laws likely

BY LYNTON McLAINE

TOUGH new regulations on transporting dangerous materials by road are proposed in a consultative document published today by the Health and Safety Commission.

The regulations will cover substances carried privately or for leisure, and the design, construction and maintenance of all vehicles used in transporting dangerous substances. Small packages and containers as well as large road tankers are included by the proposed regulations.

The draft proposals incorporate and extend the new road tanker labelling regulations which come into force on March 28. These lay down minimum requirements for the orange, black and white hazard warning panels.

The latest proposals, if accepted by the Government, will call for warning panels to be fitted on all vehicles carrying hazardous substances, including vans carrying small packs or large volumes of such products.

The idea of tighter controls has already been fully backed by the Government. Mr. William Rodgers, Transport Secretary, said when he announced the Health and Safety Commission study into new proposals, that he hoped the controls would be introduced no later than this summer.

This timetable now looks unlikely. The Health and Safety Commission said yesterday that interested parties had until June 29 to submit their comments on the proposals. Regulations would then probably be laid before Parliament after the summer.

The proposals lay down eight major hazard groups. These are then sub-divided into three classes, with each group having typical hazard risks in common.

Proposals for dangerous substances (Consequence by Road) Regulations: SO, E2 plus postage.

Lack of data 'hitting nuclear waste policy'

BY DAVID FISHLICK, SCIENCE EDITOR

THE GOVERNMENT has been warned by an advisory committee set up last year that unless scientists are allowed to continue their geological research it will be unable to give useful advice on the disposal of radioactive wastes.

The Advisory Committee on Radioactive Waste Management, in a letter to Mr. Peter Shore, Environment Secretary, says that local objections to test drillings by scientists are misperceived and founded on fundamental misunderstandings of the purpose and nature of the work.

Sir Denis Wilkinson, vice-chancellor of the University of Sussex and chairman of the committee, says in his letter that he is not trying to interfere in matters which must be dealt with through the planning procedures.

"I simply thought it essential to make quite plain the position of the Advisory Committee on this matter, and to emphasise that we will be unable to give worthwhile and well-informed advice on policy for the disposal of radioactive wastes in the absence of sufficient data from research."

The purpose of the test drillings is to assess the suitability of various rock formations around Britain as potential repositories for ingots of highly radio-active nuclear waste.

The committee was set up last May, in response to recommendations in the Flowers report on nuclear power in Britain, to provide the Government with independent advice on the management of the nuclear industry's wastes.

The geological research programme is run by the UK Atomic Energy Authority, which would like to examine about 20 different rock formations. This means drilling deep into the rock, then instrumenting the borehole and monitoring it for several years.

Planning permission is needed before any borehole can be sunk in the UK. Of four planning applications made by the authority, only one — in Calthness, Scotland — has been granted.

It is appealing against the refusal of permission for drilling at two sites in the Cheviots, and considering an appeal against a similar decision on a site near Loch Doon.

Whitehall controls come under fire

BY PAUL TAYLOR

CHANGES must be made to the bureaucratic system of central government control over local councils, the local authority associations told the Government yesterday. Many of these controls are unnecessary and should be dropped, said a report by the Association of County Councils, the Association of District Councils, and the Association of Metropolitan Authorities.

The report speaks of time-consuming, costly, wasteful, and unnecessary controls placed on local authorities by central government, and calls for an urgent re-think on the degree of Whitehall interference required.

It was prepared at the request of Mr. Peter Shore, the Environment Secretary, after the three associations, all Conservative-controlled, called for "sympathetic consideration to the case for major new efforts towards relaxation of central controls," and asks that officials be authorised to begin discussions on how this objective can be achieved.

It has taken the associations a year to produce the report, which they claim shows a "nightmare world of bureaucratic controls" numbering six a conservative estimate over 1,000.

It complains of 227 forms must be filled in on financial matters, and Government circulars by the score which offer "grandmotherly advice" on such things as the right price for a cup of tea in a police canteen.

More than 700 rules and regulations give Ministers power to dictate orders to councils on such matters as type of post for road signs, and size of rungs in cattle grids.

Company planning work comes under study

MR. ALAN WILLIAMS, Industry Minister, yesterday announced a study into the relationship between Government and company planning activities.

Mr. Williams said he hoped the study, by the Society for Long-range Planning, would be the first of a series.

The first study, by Mr. Aubrey Jones, vice-president of the Society, is comparing the relationships between Government and companies in western Europe, including the UK. It was commissioned late last year, and should be completed by the end of June. The £25,000 cost is being met by the Department of Industry.

The report will be circulated widely, and after industry has had the chance to comment, the French Government may take the study a stage further. Other countries which might be studied include Japan and the U.S.

COURSES

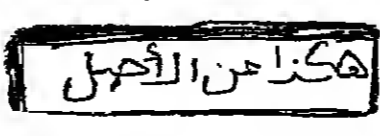
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Details from: Mr. J. Swinson, URWICK MANAGEMENT CENTRE (Ref. FT), Stoke Poges Lane, Slough, Berks, SL1 3PF. Telephone: Slough 34111.



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UK NEWS

LABOUR

Option charge to be revised

BY JAMES BARTHOLOMEW

THE London Stock Exchange is considering a complete change to the way in which commissions are charged on traded options. The purpose of the change is to simplify the system and end disproportionately high charges on certain deals. The exchange hopes this will encourage turnover, which reached record levels last week.

Under the new system, the fixed charge per option contract would be abolished. The commission would simply be a percentage of the option money, starting, perhaps, at about 5 per cent on the first £500 of option money and falling to 1 1/2 per cent on amounts over £5,000. The details are not yet decided and the whole change would need to be agreed by the Stock Exchange Council.

The importance of commissions to turnover has recently been illustrated on the European Options Exchange. Two weeks ago, turnover there fell in anticipation of lower commission rates and then doubled when the new rates came into operation.

Private clients and major institutions have not so far used the traded options market as much as was originally hoped. This has been blamed primarily on the harsh treatment of options. The Stock Exchange has canvassed for a change to the tax in the coming budget but is not confident of success.

Research plan for small businesses

By David Fabbock, Science Editor

THE GOVERNMENT has plans for a "Small Enterprise Board," complementing the activities of the National Research Development Corporation, by giving support to entrepreneurs.

NUPE staff may reject health pay formula

BY CHRISTIAN TYLER, LABOUR EDITOR

FURTHER EVIDENCE of serious discontent in the health and ambulance services came yesterday on the eve of the results of a national vote by public-service workers on the Government's offer of 9 per cent more pay and a comparability study.

Continuing action in most National Health Service hospitals, with total stoppages by ancillary workers in some places, suggests that NHS members of the National Union of Public Employees will reject the offer.

Attempts to end a strike by 1,500 ancillary workers whose action has disrupted 10 Liverpool hospitals, which supplies 110 hospitals.

Britannia group leads unit trust top performers

By Eamonn Fingleton

FUNDS specialising in mining and commodity shares dominate the league table of top unit trust performers for the first two months of 1979. Planned Savings magazine said yesterday.

Rising Star makes life hard for rival papers

BY MAX WILKINSON

THE DAILY Mirror expects its profit to be reduced by about £3m a year because of competitive pressure from Express Newspapers' new tabloid the Daily Star.

Roberts said, "I have seen no claim that it is. The way it is going, it is difficult to see how it ever will be."

newspapers," he said. "The Star has got its circulation not by editorial excellence, not by its pricing or by superior distribution arrangements, but purely on price. If this were not so, how could the Daily Mail, by any standards an excellent tabloid, lose 50,000 to the Star?"

Civil Service unions step up campaign

BY PHILIP BASSETT, LABOUR STAFF

CIVIL SERVICE unions yesterday stepped up their campaign of selective strike action over pay by calling out more computer workers in an attempt to disrupt the Government's expenditure information and control.

Government accounts and preparing monthly analyses of public expenditure for the Treasury, would be to disrupt the Government's expenditure information and control.

Scots mine leaders against pay offer

By Roy Fernan, Scottish Correspondent

SCOTTISH MINERS' leaders yesterday urged rejection of the proposed pay settlement with the National Coal Board, which would add at least 9 per cent to earnings.

'Machines will have to do more-but banking will remain what it always has been: people serving people.'

Extracts from the statement by the Chairman, Sir Jeremy Morse, in the 1978 Report and Accounts of Lloyds Bank Limited.

In 1978 the Lloyds Bank Group earned profits before tax of £182 million. This is nearly 10 per cent up on the previous year.

Our retained profit of £106 million helps to support total assets of £14,763 million...

The share of Group profits from foreign and international business, which has risen steadily over recent years, remained at about 45 per cent, but the business of the domestic clearing bank improved.

The Group continued to expand around the world, and has consolidated its position as one of the top ten international banks in providing large

syndicated loans for development projects and for overseas governments...

Much effort has gone into developing business between different parts of the Group - a synergy that is of benefit to customers as well as to us...

We are also sharpening our competitive thrust here at home and

improving our services to customers. Machines are going to have to do more of the work. Already

Lloyds Bank alone processes up to four million cheques and other paper items each day...

It is our job to serve our customers with the right people and the right machines in the right combination. Yet, banking will remain what it always has been: people serving people.



Lloyds Bank Group

In addition to nearly 2,400 branches in the United Kingdom, there are now in 42 countries, more than 500 offices of the Lloyds Bank Group, including those of Lloyds Bank International, The National Bank of New Zealand and Lloyds Bank California.

Bus deal 'must be within guidelines'

BY OUR LABOUR STAFF

MR. WILLIAM RODGERS, Transport Secretary, made clear to bus employers yesterday that a pay deal for the industry would have to be in Government guidelines.

Mr. Rodgers repeated that no further money would be available to finance an increase. A settlement had to be limited to 5 per cent, with extra money available only through the 23 concession to the lower-paid and through self-financing productivity schemes.

Hull dockers strike again

NEARLY 20 vessels were left idle when dockers at Hull went on another one-day strike over pay yesterday.

were affected when shop stewards called out 2,000 men. The shop stewards have asked local MPs to ask the British Transport Docks Board in London not to interfere with local settlements.

Closing Bilston would cost £35m, report says

BY ALAN PIKE, LABOUR CORRESPONDENT

LOCAL AUTHORITY leaders in the West Midlands appealed to the British Steel Corporation to defer a decision on closing Bilston Steel Works in the light of a report by Aston University published yesterday.

period by installing a new electric arc furnace with social costs of £11.7m. New investment at the plant would not increase capacity but improve productivity and substantially reduce manning.

The plea, by West Midlands County Council and Wolverhampton Borough Council, reduces the risk that the corporation will announce the closure of Bilston when it meets the TUC steel committee on Thursday.

Closure would cost 2,800 jobs: 2,200 at the plant, 500 elsewhere. Wolverhampton's unemployment rate is 6.1 per cent and, with 95 per cent of the workforce living within five miles of the plant, would rise to 7.4 per cent with closure.

If the corporation goes ahead with the closure, the local authorities will ask Mr. Eric Varley, Industry Secretary, to override the decision until the study has been analysed.

The report recommends that the works should not be closed unless the case for new steel-making investment at Bilston is re-examined and the difficulties of providing alternative employment in the area resolved.

Closing Bilston might save the corporation £45.9m over five years, the report says, but would cost £35m in redundancy payments, supplementary benefits and retraining.

It agrees that the corporation is in the dilemma of attempting to respond to rationalisation and productivity arguments

Printers plan to black advertising

By Our Labour Staff

COMPANIES ADVERTISING in the Nottingham Evening Post have been told by the National Graphical Association and SLADE the process workers' union, that their advertisements with other newspapers as well as the Post may be blacked.

The threat follows a union recognition dispute with T. Bailey Foran, owners of the Nottingham Evening Post.

A delegate meeting of the National Union of Journalists will consider a proposal for a national one-day provincial strike in support of 26 journalists sacked by the Post after the national strike over pay.

Ten pickets arrested last Saturday at the paper are due to appear in court today. Union leaders last night said that casual workers should honour an agreement over tax, which caused the loss of more than 2m copies of the Sun and 50,000 of The Guardian yesterday when casual workers failed to turn up for their shifts. Casual work income tax is now deducted at source unless the person can provide identification.

UK NEWS - PARLIAMENT and POLITICS

Shore blocks council house sales

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

TIGHTER RESTRICTIONS to cut down on the number of council houses being offered for sale by local authorities were announced in the Commons last night by Mr. Peter Shore, the Environment Secretary.

Councils will also be able to attempt to restrict the freedom of action of later democratic elected councils," he commented.

He argued that there was no reason why people who wanted to buy their own homes should not do so on the private market, thus leaving empty council houses for those in housing need.

figure since Labour came to power. "We are opposed to indiscriminate sales. We are opposed to the level of discount some authorities are wanting to offer."



Debate on NUJ rejected

THE National Union of Journalists' move to expel several hundred members who refused to join the recent provincial strike had serious implications for their employment prospects as well as for the freedom of the Press, a Tory MP told the Commons yesterday.

But the application by Sir John Edén (Bournemouth West), for an emergency debate on the issue was rejected by Mr. George Thomas, the Speaker.

'Old lags' back in House

TWO former Tory MPs—'old lags,' according to Labour Left-winger Mr. Dennis Skinner—came back to the Commons yesterday to claim their new seats after last week's by-elections.

Sir John explained that the strike had been called among members on provincial newspapers, but no ballot had been taken, and in some cases local pay increases had already been negotiated.

Rippon defends Britain's contribution to EEC

BY ELINOR GOODMAN, LOBBY STAFF

A SURPRISINGLY unqualified defence of the Common Market was launched yesterday by Mr. Geoffrey Rippon, leader of the Conservative group in the European Parliament.

After taking into account receipts from various Community funds and subsidies on UK food imports, Britain was in credit in 1977 and was doing 'pretty well now,' he claimed.

Further, he had to be borne in mind that if Britain was not in the Community, agricultural support would cost the country about £1,000m annually.

Speaking to a seminar on direct elections in Newcastle-upon-Tyne, Mr. Rippon said that a strong united Europe was essential to cope with the problems of the world today.

Hattersley denies inflation rise

BY IVOR OWEN

CONSERVATIVE FORECASTS of a major upsurge in inflation were rejected by Mr. Roy Hattersley, the Prices Secretary, in the House of Commons yesterday.

Mr. Hattersley stressed: "If the overall level of earnings remains at a reasonable level, as advocated by the Government, we could have another good year."

Tory call MPs tussle over devolution poll

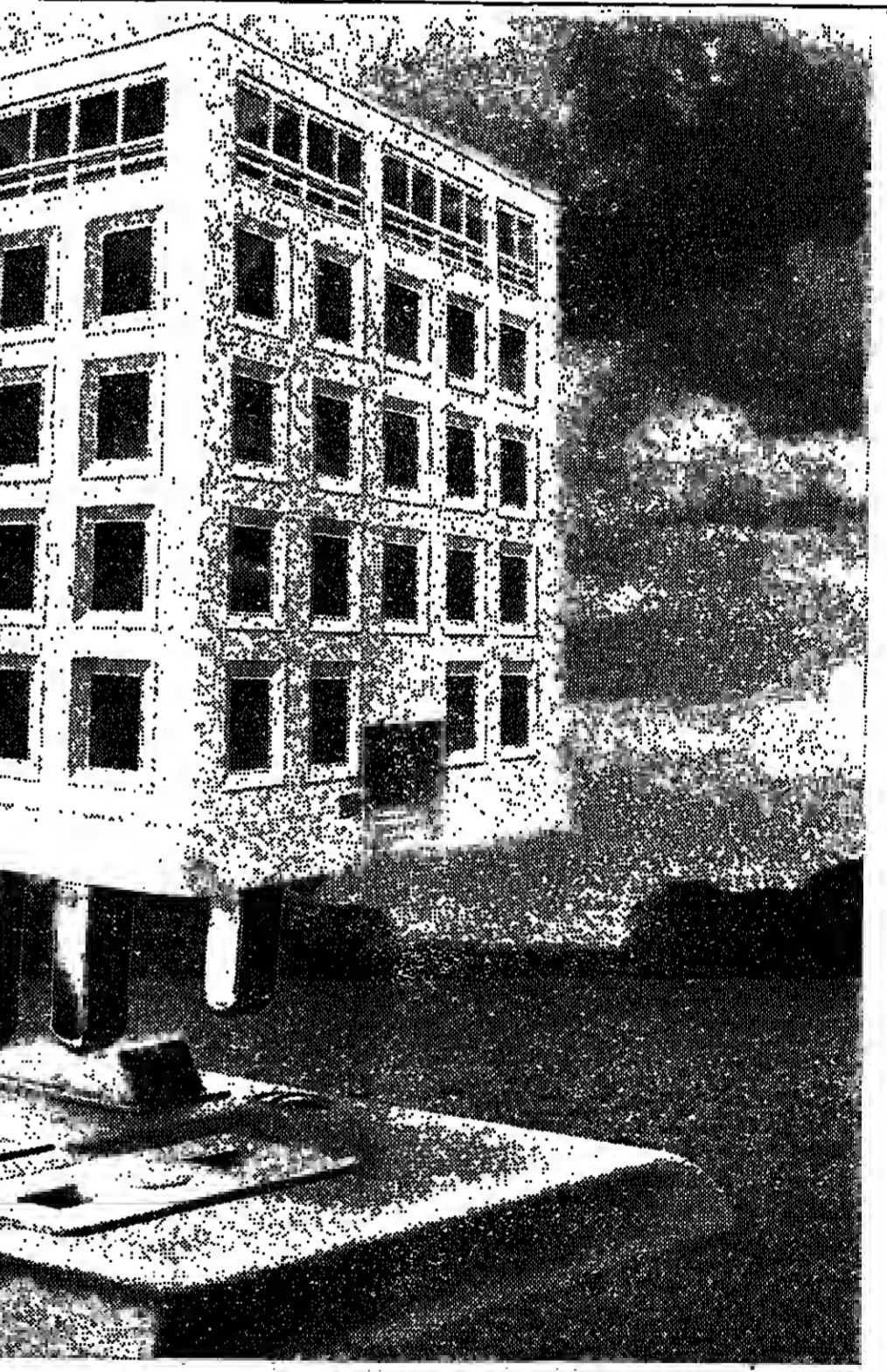
BY RAY PERMAN, SCOTTISH CORRESPONDENT

THE LABOUR PARTY in Scotland and the Scottish National Party yesterday called on the Government to do all it could to get the devolution legislation through Parliament, while the Scottish Conservative Party urged the Opposition to do everything in its power to prevent it.

take their case to the European Court of Human Rights and to the UN.

But the Scottish Conservative Party sent a message to Mrs. Margaret Thatcher, the Tory leader, urging her to oppose any attempt by the Government to implement the Scotland Act.

Robyn Reeves, Welsh Correspondent, writes: The Labour Party's Welsh executive committee moved swiftly yesterday to try to close ranks in the wake of last week's devolution referendum debacle in Wales.



'Phoney' pay deals

BY IVOR OWEN

TORY MPs called on the Government in the Commons yesterday to ensure that the nationalised industries are treated in the same way as private sector companies when the Price Commission is able to identify "phoney" productivity deals.

"When it inquires into the public sector it can make exactly the same recommendation as it made in the case of BOC."

Criticism made by the Price Commission about management efficiency was challenged by Mr. Giles Shaw (Con., Pudsey), an Opposition spokesman on prices.

He suggested that when the Minister next met the chairman of the Price Commission he should ask him about the waste of management time arising from matters raised by the Price Commission.

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Using our energy can save yours. PLANELECTRIC The Electricity Council, England and Wales

Doggone cheap

BRITAIN is still the cheapest Common Market country in which to register a dog.

Aid reduced

The Government has either cut off, or significantly reduced, aid on human rights grounds to seven countries: Chile, Uganda, Ethiopia, Cambodia, Vietnam, South Yemen and Bolivia.

Flights stop

The Government has withdrawn permission for Uganda Airways flights between Britain and Uganda with immediate effect, the Trade Department said last night.

Decades of dole

TWO people in Northern Ireland have been signing on the unemployment register for 38 and 28 years, Northern Ireland Minister, Don Connaughton, said yesterday in a Commons written reply.

'Cab spies' win approval

THE GOVERNMENT has "reluctantly" accepted the European Court's decision on use of tachographs—"spies in the cab"—Mr. William Rodgers, Transport Secretary, said in a Commons written reply yesterday.

Printers plan to black advertising

Our Labour Staff

ould says

THE ARTS

هكذا من الأعمال

Alone Yes

by B. A. YOUNG

The indefatigable players of the Royal Shakespeare Company, finding time on their hands, are putting on two short shows at the Warehouse for, alas, too few performances. Alone Yes, whose title is Greek to me, is a pocket revue for the upper-middlebrows. With only modest leisure to put it together, Cicely Berry (and the group) have built it from ready-mades, but the choice has been good, and the result is fresh and even topical.



'Peace and War' by Rubens

National Gallery

Rubens' allegorical masterpiece

by ROY STRONG

The last in the present series of Pointing in Focus exhibitions at the National Gallery concludes with a grand finale. Peter Paul Rubens' Peace and War, the picture presented by the painter-diplomat to King Charles I and executed while he was actually in England. Here, in one large sumptuous canvas, we have epitomised the aspirations of civilisation. Rubens, whose own horror of war stemmed from his childhood experiences of the strife-torn Flanders of the religious wars of the late 16th century, pays tribute, in the baroque language of allegory, to the virtues of peace, and not only that which he himself is negotiating between England and Spain, but, by implication, the peaceful domestic rule of Charles I.

self as the image of God come down for a brief period to reign on earth, whose very person embodied peace and all the virtues to his subjects. Unfortunately for the King many of them did not see him in quite the same light. It is tragic that one of the most glorious periods in our civilisation should have been expressive by means of the visual arts of the highest and most ornate kind, of such a perverse and fatal political creed. No wonder the Parliamentarians executed him in front of the building which is now the National Gallery. It was here that he was beheaded. In the ceiling painted by Rubens.

But let us, in an age which finds it difficult automatically to read these compositions in which abstractions take human and animal form, begin by dwelling on the paint as it sweeps and crumbles its way across the surface. Could anything be more delightful than the two little girls in their satin dresses who are hidden to taste the fruit of the cornucopious? How Rubens may have loved painting the little one with her huge lustrous eyes who alone seems to upset the stately tableau by forgetting her part in the pageant and slyly peering out at us. And what could be more bravura than the rendering of the luscious cascading fruits and the leopard that rolls on his back, his claws entangled in the tendrils of the vine!

There are some other joys upon which to reflect. The Mars and Venus from Dulwich Art Gallery, in which Rubens reused the figure of Peace and the superb self-portrait, which he had presented to the King several years before his visit. Here Rubens presents himself as the ideal gentleman painter, gracious and elegant, with grey hair and beard and wearing a huge galled slouched hat and cloak. Less good in quality but intriguing is the family group of Sir Balthasar Gerbier, the painter and connoisseur, with whom Rubens probably stayed during his visit. Conceived as a cross between a classical frieze and an Adoration of the Magi, the children move from right to left towards their mother enthroned on a dais nursing a baby with her husband, like St. Joseph, bending over her. Gerbier is a mysterious figure. He too came to England from Flanders and supervised the formation of the art collections of Charles I, the murdered favourite, the Duke of Buckingham, but later served the king. More important, he is summed up all up, Inigo Jones's Whitehall Banqueting House, in which the god-king James I which spirals his way to heaven in the ceiling painted by Rubens.

Radio 3

Söderström

by MAX LOPPERS

Elisabeth Söderström and the pianist Martio Lepp end yesterday's lunch-hour recital, broadcast from St. John's, Smith Square, with Musorgsky's seven Nursery songs. Listening to a Söderström recital on the radio rather than attending it in person, one subjects her singing to a kind of black-and-white test, which the performance of the Musorgsky cycle showed it to overcome triumphantly. The captivating presence may have been missed, but the mercurial nuances of characterisation, and the quick, merry, never exaggerated portrayal of the sensations and humours of childhood were conveyed on the voice with an irresistible and magnetic artistry. The spoken introductions set the atmosphere quite as much as the masterly piano playing, finely judged slike in touch and length of pause. Debussy wrote of Musorgsky that in this cycle "he is unique, and will remain so, because his art is spontaneous and free from arid formulas." Of the soprano in this performance the same could be said.

Wembley Arena

Earth, Wind and Fire

by ANTONY THORNCROFT

Earth Wind and Fire is the top selling black band in the U.S. It does not do too badly here, judging by the enthusiasm of a packed Wembley on Sunday which was standing on seats by the thousand before Maurice White, who orchestrates the remarkable spectacle, had had a chance to ask us whether we were "feeling alright." The crowd, which looked mysteriously like a tamed heavy metal audience of a few years ago, was obviously determined to enjoy itself and there was much shaking and applause for the goings on. For Earth Wind and Fire is as much a vision as a sound, an entertainment of Las Vegas lavishness and Tiller Girl precision. The music is funky disco merging into jazz, rock and coloured with scuffs of soul. It is played aggressively, with a four-strong brass section to beef up the ten-man band. But however good it is—and the creativity tends to sag after an hour or so—it is eclipsed by the showmanship. Earth Wind and Fire is a production number of Busby Berkeley pretensions. For a start the musicians are dressed like Indian princes, with a touch of the Nile: it is as if a concert of European and Indian classical music on March 9, at the Riverside Studios, W.6. Formed in 1978 by Aouf Biswas, Nataraj has recently returned from a tour of India.



Charlotte Cornwell

New York dance

Twyla Tharp

by DAVID VAUGHAN

In Boston last summer Twyla Tharp and her company gave a series of performances that included sections of a work in progress. Startlingly, the piece involved dramatic situations and characters, such as allegorical figures named Order and Chaos and a four-person Greek chorus, spoken dialogue, and other elements not customarily found in Tharp's work, which hitherto had been exclusively concerned with the material of choreography itself, with movement and process. Even naturalistic gestures and grimaces had been used as part of this material and not for their mimetic content. In her recent engagement at the Brooklyn Academy of Music, Tharp presented, under the title Chapters and Verses, further sections of this work in progress, intended eventually to be an evening-length theatre piece. Together with Three Dances from the film "Hair," they gave disturbing evidence of a new tendency towards expressionism in Tharp's work. I say disturbing because one would hope that her future development as a choreographer would be in the direction of new discoveries in movement rather than rehabilitating movement she has used before, varied only by the addition of extraneous subject matter. When used primarily as illustration, certain familiar elements of the choreographic scribbles of gesture, the grating and freezing the threesome and foursomes jostling and jockeying for position—begin to look dismayingly like clichés. In the past, Tharp has not hesitated to use material derived from other dance sources, which she has then translated into her own terms: an eclectic assortment that would include vernacular dancing, both social and theatrical, as well as structural devices borrowed from other choreographers—Balanchine in Give

Festival Hall

LSO/Davis

That the Festival Hall should be sold out on a Sunday evening for an all-Sibelius programme, especially one containing Finlandia and The Swan of Tuonelo, could cause no surprise. What might surprise was Colin Davis's attitude to the music. Finlandia would hardly have become the popular piece it is if given in so inhibited a fashion. A similar limitation was applied to the Fifth Symphony. Admittedly Mr. Davis is an experienced conductor of Sibelius, and the players of the London Symphony Orchestra as of other British orchestras are well accustomed to the composer's sonorities. But the symphony needed more gradation and more power. I found myself warming the most to the work which I usually find least satisfactory of the four in the programme, Sibelius's Violin Concerto, after its magically floating start, so often seems to set the player grinding away at its technical difficulties, and a Brahmsian

Standard Chartered announce that on and after 6th March, 1979 the following annual rates will apply: Base rate 13% (Decreased from 13½%) Deposit rate (basic) 10½% (Decreased from 11%) Standard Chartered Bank Limited

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The war that never ends We British are a peaceful people. When a war is over we like to consign it to the history books—and forget it. But for some wars live on. The disabled from both World Wars and from lesser campaigns, now all too easily forgotten; the widows, the orphans and the children—for them their war lives on, every day and all day. In many cases, of course, there is help from a pension. But there is a limit to what any Government can do. This is where Army Benevolence steps in. With understanding. With a sense of urgency... and with practical, financial help. To us it is a privilege to help these brave men—and women, too. Please will you help us to do more? We must not let our soldiers down. The Army Benevolent Fund for soldiers, ex-soldiers and their families in distress Dept. FT, Duke of York's HQ, London SW3 4SP

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Tuesday March 6 1979

After Iran: oil shortages begin to bite in Britain

BY KEVIN DONE, Energy Correspondent

China on probation

THE CHINESE have made the welcome announcement that they are pulling their troops out of Vietnam. There is little reason to doubt that this is what they intend to do.

Limited victory

But announcing a withdrawal is very different from successfully carrying it out. It is by no means clear that the Vietnamese have ordered a general campaign—intend to let the Chinese off the hook so lightly.

Vendetta

It raises queries about the capacity of the Chinese to assess the full implications of the decisions they take. Bankers would have reason to tread more cautiously towards a nation which seemingly goes to war so lightly.

Sympathy

On the diplomatic front the Chinese have had a good deal of sympathy for their operation. This is partly because there was genuine international indignation at Vietnam's invasion of Cambodia, and China's attack on Vietnam is seen as a just reprisal for it.

Support for innovation

THROUGHOUT this century, company directors and governments alike have tended to confuse the process of industrial innovation with research and development. Boost R and D, they have argued, and British industry will be able to make and sell the new products which are so necessary if it is to remain a viable trading nation.

Improvement

Equally important is Britain's failure, relative to West Germany in particular, to respond to the market by gradually improving the quality and profitability of existing products, a process which often requires no research at all, but is most certainly another type of innovation.

Of course, there are major exceptions, both in particular industrial sectors (diesel engines and some construction equipment, for example) and in certain companies. But for the majority, the innovation process is still seen as the responsibility of the technical director, or the head of research and development, in spite of the fact that manufacture, finance and marketing are all integral parts of the process, of arguably more importance than R and D.

One of the differences between NRDC and private sector venture capital institutions such as Technical Development Capital, part of Finance for Industry (FDI), is that it has tended to back specific projects, rather than whole companies. Another has been its reputation for being interested only in technical development, rather than the subsequent production and marketing of products.

NRDC has come in for considerable criticism from the venture capital lobby in the last two years, not only for allegedly giving too little support to small companies, and too much to large ones, but for spending so little of its available budget.

New products

Of course the most important step any government can take to encourage innovation is to create an economic and fiscal climate which is conducive to risk-taking; the UK has a long way to go in this respect. But if specific assistance is to be made available from public funds to promote industrial innovation, then the shortcomings of past policies—in particular, the excessive pre-occupation with research—must be taken fully into account.

THE loss of crude oil from Iran, the world's second largest oil exporter, was reflected almost immediately in the rash of panic and speculative buying that erupted in spot markets for both crude oil and refined products, especially in Europe. Actual shortages have taken longer to develop, but the problems besetting world oil supplies are now biting in the UK, not just in terms of general price rises, but also in specific instances of distributors being unable to meet local customers' needs.

The system of supply from oilfields in the Middle East to local customers in the UK filling up a tank with petrol or heating oil is long and complicated. But that system is now under severe strain, and it is plain that in isolated instances at least, supplies are simply not available on a local basis.

All the major UK oil companies, including market leaders such as Shell and Esso, are now monitoring very carefully what deliveries they are allowing to customers. In many cases they are limiting deliveries to the level they were in March last year—effectively a cut of about 3 per cent because of growth in market demand during the last 12 months.

The major companies and the Government appear to be agreed that the present problems do not constitute an emergency. The Petroleum Industry Advisory Committee,

which consists of representatives of most of the major oil companies operating in the UK, met in London last week. Officials little more than a week ago and decided that emergency measures were not yet needed. A special task force was set up by the industry to keep the Department of Energy closely informed of events, on a daily basis if necessary.

The effects of the loss of Iranian exports in the major oil companies' crude supply systems started to become apparent at the beginning of the year. British Petroleum, the company most exposed to the turmoil in Iran, warned all its crude oil customers on January 2 that it would have to cut deliveries by 30-35 per cent in the first three months of 1979. Four weeks later letters went out warning of cuts of up to 45 per cent and BP's action was reflected quickly in a wave of contracts being cut back by force majeure declarations of varying severity from all the world's biggest oil companies, Shell, Exxon, Gulf, Texaco, Mobil, Socal and many others.

The limited supplies of crude oil available for trading on the open spot market rapidly attracted massive premiums. Speculating traders were quick to bid up prices, but by the beginning of last month some of the majors, desperate to cover

the needs of their subsidiary refining and marketing companies around the world, were persuaded to pay as much as \$22 a barrel or more for isolated cargoes. The official OPEC price for the same crude is still \$13.34 a barrel. Panic buying of crude at such prices has been accompanied by panic buying of refined products, especially the lighter ones, petrol, kerosene, gas oil and naphtha, which is used for making petrochemicals.

The oil majors, with the resources available to them as some of the world's largest companies, have been able to live, however unwillingly, with prices at these levels. The vast majority of crude moving in their systems is still being bought at official OPEC prices, or near that mark. The major oil spot prices would only be paid for relatively isolated, incremental cargoes. They have been prepared to pay up to \$350-\$360 a tonne for marginal cargoes of gas oil on the spot market, when the inland price for re-selling it in the UK is only about \$190.

In the short-term the majors can stand the resulting losses on this small percentage of their business—about 5 per cent of the total market in crude oil—although their attitude could well change, the longer the problems in Iran continue. But the majors and "minors" such as Conoco, Petrofina, Phillips and Amoco, are not the only oil companies in the UK market. The crumbs that are left from the giants' tables offer more than reasonable pickings in normal times for a grouping of small UK independent oil companies. It is in this sector, which meets no more than perhaps 4 per cent of UK demand for oil products, that the first examples are arising of oil companies being unable to fulfil orders, leaving their customers with empty tanks and perhaps no option but to close.

As an industry group, these small independents approached the Department of Energy nearly three weeks ago with a call for help. Not only did it get an immediate but it appeared to company representatives at the meeting that the Government was barely aware that a problem existed.

The Association of UK Oil Independents include such com-

panies as John Hudson, Shaw's, Economat and Thomas Black. They are not well known except in their immediate localities where service stations advertise local brand names, such as Sadler, Bell, Thrust, Pace or Globe.

Typically each company might be handling up to 5m tonnes a year of oil products. The circumstances of each company vary widely, but they generally buy about 75 per cent of their supplies from the major oil companies refining in the UK and the rest comes from the spot market in Rotterdam. Spot purchases arrive in 20-30,000 tonne cargoes and are stored in tanks on the Thames, Humber or Mersey estuaries.

Most of the independents have their own small chains of service stations which they supply directly with petrol, but normally it is the middle distillates, especially burning oil, which account for the most important part of their business. Their customers range from some factories and local authorities to domestic consumers.

These independents cannot carry the losses associated with buying on the spot market at present. And as the majors stretch their resources, quite naturally, to feed their own systems, normal supplies to the independents have suffered.

The small oil companies have usually been long-standing customers of their larger brothers, with contracts rolling over on an annual basis, with prices and quantities being fixed on a quarterly or monthly basis. According to Mr. Paddy Firminston-Williams, chairman of the independents' association, his members have suffered cuts in supplies of up to 55 per cent of last year's level of deliveries. As long ago as mid-January his company, John Hudson, was told by Gulf that it could only supply 80 per cent of the requested supplies for February, March and April. A few weeks later Gulf decided to tailor supplies to levels of last February, said Mr. Firminston-Williams. In one area of the country John

Hudson suffered a two-week strike in February last year, so the cut-back this year has effectively been almost 50 per cent. In another area this small independent only became a customer of Gulf in the second half of 1978. Cutback to supplies of last February means that now there is no allocation at all.

In terms of the UK market as a whole such incidents are small. Their impact is confined to a local area and indeed to an individual customer. But for the particular customer involved, being a "spot shortage" is little consolation. Walsall education authority in the West Midlands is a striking example of the problem.

It is supplied by John Hudson, usually in road tankers from Ellesmere Port. The usual quota of oil is not coming through from the major oil company supplier, with the result that Walsall, faced with reduced supplies, is making institutions such as hospitals and old people's homes first priority, while some schools are left to go without.

According to Mr. Andrew Smith, maintenance officer for the education department with responsibility for buying in oil supplies, the authority is suffering to the extent that two or three schools are already closed. If the cold weather returns, that number could easily rise to 10 or 11. Mobile classrooms, which have electric heating, are being used to provide a limited number of lessons. "We are giving priority to the nursery schools, in some of the schools with older children they are having to put their coats on in class."

This is only the beginning of the problem. We envisage that we will have to close a lot more schools unless the situation changes drastically. We have contacted companies which are not our usual suppliers pleading for three to four days' supplies, but they cannot do anything for us. They can only serve regular account customers."

Problems with heating oil supplies in particular have been exacerbated by the very cold weather in January and February and the tanker drivers' dispute has not helped the continuity of supplies. Demand for heating oil from schools in Birmingham was up by 25 per cent, for instance, in the early weeks

of the year. About 70 schools were closed because of lack of oil supplies, the problem arising directly from the weather and rail strikes and not from Iran. All the schools have since reopened.

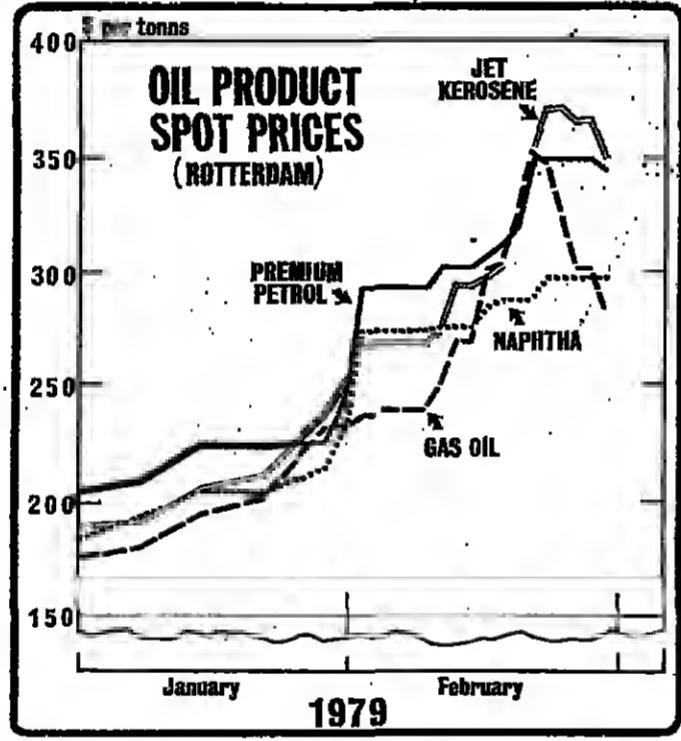
The oil market is not a simple place and it is difficult to generalise from particular instances. But problems at the consumer end of the supply chain are beginning to appear. A general letter sent last week by Shell UK Oil to customers demonstrates the point. "There are clear signs that some other companies are not supplying all of their customers' requirements. Significant additional orders and requests for supplies are therefore being received by us. We are not, of course, taking on any new customers." At the edges of the market, gaps are appearing and they are not being filled.

Burn more coal

The immediate avenue open is to reduce general demand to bring the market into line with available supplies. The International Energy Agency has called on its member countries in the industrialised world to cut oil demand by 5 per cent. The UK's initial response has been to suggest it can do much to meet this target by burning more coal in place of fuel oil in the power stations. It is an attractive political solution, but there are many in the coal and electricity industries and in Government who consider it impractical.

The Government wants the CEGB to burn about 5.3m tonnes of coal extra a year to save 2.5m tonnes of fuel oil. There are doubts, however, about whether enough railway wagons exist to carry the coal, and also about the Coal Board's capacity to supply it. It is uncertain, too, whether the CEGB would be able to meet peak winter demand without falling back on its oil-burning stations.

The Government must face other ways of reducing oil demand, but until it does, it is likely that the pattern of spot shortages, much less than emergencies perhaps, but nonetheless serious, will be repeated in many parts of the UK.



MEN AND MATTERS

Irish to solve the French problem

It is just over two months since France took over the EEC presidency, and despite some more hopeful developments in Brussels yesterday I hear that diplomatic and journalistic are already counting the days until June 30, when the job of running the Common Market passes by rota to Ireland.

Not that the Irish are expected to work any miracles, but the hope is that they will exercise a modicum of leadership, and arrest the creeping paralysis of EEC decision-making since the French took the helm. Their main achievement to date has been cancelling or postponing almost all many meetings of the Council of Ministers as have actually been held.

Instead, ministers have concentrated on chummy, bilateral negotiations with their counterparts in Bonn, ruffling the sensibilities of the smaller EEC countries, which have long feared the emergence of a Franco-German political directorate.

Wandering weekly

A certain nervousness is in the air at the Jewish Chronicle, holding talks tomorrow with the National Graphical Association about its plans to move out of central London, the paper's base—except during the last war—since it was founded 138 years ago. The Chronicle's printing department is being closed at the end of the month.

Chairman David Kessler, in particular, seemed less than anxious to enlarge about how he will dispose of the Farnival Street offices.

The rates there, an estimated \$40,000 a year, no doubt have something to do with the move. The NGA is arguing that the paper should stay in the centre and save money by going over to photocopying, but I hear neither side believes this to be a likely outcome of their discussions.

Great Scott

Roy Jenkins has been having talks with the man he fancies as new head of the EEC's office in London: journalist, George Scott, who retires from the editorship of The Listener next month. The job is currently still held by Dr. Richard Mayne, but Scott admitted to me yesterday that he and Jenkins have delicately discussed "the possibility of the vacancy."

Certainly, there have been repeated hints from Brussels that it is time for Mayne to move. Although Scott, 59, says weightily that the appointment has to be "made through the well-laid procedures in Brussels," he is confident that he has the qualifications. It is, after all, the failures of communication which have so often held against the EEC office. "I also have the political experience," adds Scott. "I had fought three elections as a Liberal candidate." Is he still a Liberal? "I would say I am."

Scott made his first forays into the media while at New College, Oxford, in the forties. He once even wrote an essay in the form of a radio script, so agitating his tutor, Lord David Cecil, that he thrust a copy of The Times in the fire and dashed around holding it like a flaming brand.

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Map showing flight routes from Dallas-Fort Worth to Denver 5:30pm, Las Vegas 4:48pm, Oklahoma City 5:00pm, Tulsa 5:11pm, San Antonio 4:47pm, Houston 4:50pm, Mexico City 9:15pm. Includes Braniff International logo and Observer reference.

Handwritten text in Arabic script: كتاب من الأصيل

UK COMPANY NEWS

MINING NEWS

Selangor State's deal with Berjuntai

By KENNETH MARSTON, MINING EDITOR
SEVEN MONTHS of tough negotiations, the deadlock over Selangor State Government's mining policy has been broken...

Dutch loans for 3 trusts

Three UK investment trusts have secured a total of £11.24m in Dutch loans...

Advance Barrels Credit Corp

Barrel Credit Corporation has announced a new initiative...

Investor

Investor magazine advertisement with various financial tips and market analysis.

Rio Algom boosts earnings

RIO ALGOM ORES 681 per cent of Lorax-Mining, whose operations are in the north-west of Ontario...

BIDS AND DEALS

Wedgwood's £6m U.S. purchase

Wedgwood, the Staffordshire-based ceramics group, is planning to buy the assets of the Franciscan dinnerware and architectural tile operation...

Cyprus Mines on the mend

THE RECOVERY in copper prices, which started last year and gathered pace in the early months of 1978...

WM. DIXON SELLS CLOTHING BUSINESS

William Dixon is to change his name to J. A. Dixon Investments with the sale of his wholesale menswear clothing business to Wilkinson Warburton...

Brammer to pay £4m for Borg-Warner subsidiary

M. Brammer, the power transmission and rubber products group has agreed in principle to acquire the UK power transmission subsidiary of Borg-Warner...

New life for Village Main

VILLAGE MAIN REEF, the old gold mine within a stone's throw of Johannesburg's business district is to get a new lease of life...

LWT buys 60% share of holiday group for £1.95m

THE PARENT company of London Weekend Television, LWT (Holdings), has bought a controlling interest in the specialist holiday operator Page and Moy...

RECOVERY LIMPS AT SAMANCOR

Although South African manganese Amcor (Samancor) reports a considerably better earnings in the second half of 1978, management is taking a cautious view of the recovery...

THOMAS FRENCH EXPECTS GROWTH

A healthy profit advance is forecast for Thomas French and Sons, curtain products and narrow fabric maker, in the current year...

Moss forecasts £0.9m

Moss Engineering has forecast pre-tax profits of not less than £900,000 for the current year...

MILBURY

As previously arranged Silchester Investments (C.I.) and Airways Garage have acquired the whole of the capital of Milbury's subsidiary Skyport Properties for £59,700 cash...

Lloyds looks to UK for increased profits slice

COMPETITION is cutting margins on international lending to very low levels, says Sir Jeremy Morse, the chairman of Lloyds Bank...

BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends...

Felixstowe Tank profit increase

Turnover of Felixstowe Tank Developments improved from £838,631 to £1,003,195 in 1978 and pre-tax profits were higher at £218,463, against £268,595 previously...

Profits surge for Blackwood Hodge Canada

Net profit of Blackwood Hodge (Canada), 75 per cent-owned subsidiary of Blackwood Hodge, jumped from £63,000 to £2,700 for 1978 after tax of £1,450 against £132,000. Turnover was slightly up from \$108.2m to \$111.1m...

Bogod-Pelepah profits ahead in first half

For the first half year ended September 30, 1978, turnover of Bogod-Pelepah improved from £1.89m to £2.2m and profits before tax from £129,000 to £175,000 in the same period of the previous year...

Drake & Scull reconstruction

Publishing its first unqualified accounts since 1972, Drake and Scull Holdings confirms that it is examining ways and means of effecting a form of capital reconstruction of shareholders' funds so as to eliminate the £7m deficit on revenue reserves brought about by losses incurred up to 1976...

Newbold & Burton starts well

ORDER BOOKS for the current year are very good, says Mr. J. E. Burton, chairman of Newbold and Burton Holdings, in his annual statement. But the directors are concerned as to the development of the year with escalating wages and other costs...

Two new unit trusts

Two new unit trusts have just been launched which specialise in overseas investment. The Cosmopolitan Group, run by insurance brokers Joseph Sanders and Partners, is launching an international fund which will initially be invested mainly in Japanese, German and Swiss financial and industrial shares...

Expansion at NEIA

Pre-tax operating income of Northern Engineering Investments Africa increased from £4.46m to £5.46m in the 1978 year. The company was formed last June through the merger of the South African operations of Clarke Chapman and International Combustion and is 62.5 per cent-owned by Northern Engineering Industries...

Scottish Agricultural

IN THEIR annual report with the 1978 accounts, the directors of Scottish Agricultural Industries are saying that on every front, activities have been and are being taken to minimise the effects of inflation. Substantial improvements in

Grindlays Bank Limited Interest Rates advertisement. Grindlays Bank Limited announces that their base rate for lending will change from 13 1/2% to 13% with effect from 6th March, 1979. The interest rates paid on call deposits will be: call deposits of £1,000 and over 10 1/2% (call deposits of £300 £999 9 1/2%). Rates of interest on fixed deposits of over £10,000 will be quoted on request.

INTERNATIONAL COMPANIES and FINANCE

NORTH AMERICAN NEWS

Banks fear delays to deals

BY STEWART FLEMING IN NEW YORK

LEADING international banks involved in U.S. acquisitions have expressed their concern about the threat of new delays in legal approvals to takeovers. Their anxieties have been stirred by moves by Miss Muriel Siebert, New York State's banking superintendent, who last week called on congressional leaders to carry out new investigations into foreign acquisitions of major U.S. banks. But it is still unclear whether the banks' fears are well-founded, especially since the Federal Reserve Board recently issued a policy statement which has been interpreted as being generally favourable to foreign bank acquisitions.

and the National Westminster Bank's bid need the approval of the Fed in advance because the concerns set up to make the acquisitions are bank holding companies and prior approval is needed to become a bank holding company. Because National Bank of North America is nationally chartered it is widely believed that New York state banking authorities could not block the acquisition by NatWest if the Fed approved it. But Marino Midland Bank is state chartered and whatever the Fed decides the New York state banking department has to approve the exercise of voting power amounting to more than 10 per cent of Marino Midland's equity. Thus Hongkong and Shanghai will need the specific approval of the New York state authorities to vote the stock

Increase in net income for Hoover

By Our Financial Staff

HOOVER COMPANY, the vacuum cleaner and other home appliance manufacturer, has announced a gain of \$2.2 per cent in net income for 1978, in spite of a 2.6 per cent setback in the fourth quarter associated with foreign currency translations. The year's net income was \$34.85m, or \$1.87 a share, against \$22.78m, or \$1.73 a share in 1977. Fourth quarter net income of \$9.78m, or 74 cents a share, compared with \$10.14m, or 77 cents a share, in the last three months of 1977.

Hong Kong textile group buys stake in Dan River

BY OUR NEW YORK CORRESPONDENT

UNITEK, a Hong Kong-based textile company, has bought just over 8 per cent of the equity of Dan River, a diversified textile producer with sales revenues of over \$500m last year. But Unitek has indicated that although it should not be considered to be a passive investor, it does not have any intention to seek control of, or a joint venture with, Dan River.

Dan River had filed a lawsuit seeking information about Unitek, in particular, the source of its financing. As a result of this, Unitek disclosed that Wardley, a subsidiary of the Hongkong and Shanghai Bank and Chartered Bank, a subsidiary of Standard and Chartered, have financed the purchases of 8.07 per cent of Dan River. As a result of the disclosures, the Federal Court in Richmond, Virginia has lifted a temporary order restraining Unitek from buying more Dan River stock. Dan River has indicated that it is concerned about the objectives of Unitek and about who owns and controls the company. It is expected to file a request with the court for further disclosure.

Boston bank in link with China

BY OUR FINANCIAL STAFF

A DIRECT relationship has been formed between The First National Bank of Boston and Bank of China, which handles financial operations worldwide of the People's Republic of China. Mr. Richard D. Hill, the chairman of the Boston bank said the new relationship "will

facilitate the exchange of all normal banking transactions between our customers and the People's Republic of China." The bank, he said, had been closely following commercial practices in China since 1971, and in 1976 the bank's representative attended the Canton Trade Fair "with the express purpose of acquiring extensive experience in assisting customers doing active business there."

EUROBONDS DM200m loan for Norway

BY FRANCIS GHILIS

A DM 200m five-year bond for Norway opened the Deutsche Mark new issue calendar for this month; other terms for this bond which is led by Deutsche Bank include a coupon of 6 1/2 per cent and a price not below par. The lead manager reserves its right to close the books earlier than the normal subscription period which falls on March 14. The terms of this issue confirm that coupons in the foreign DM market which have been moving up over the past two weeks now look as if they will settle at current levels. The friendly tone in the domestic Deutsche Mark market should contribute to this stability. Coupons have also been going up on Japanese DM convertible: the indicated coupon

of 4 1/2 per cent on the private placement for Chujitsuya Company was increased to 5 per cent by the lead manager, Bayerische Vereinsbank who set the conversion price at ¥1,312 per share. In the secondary market, the price of seasoned issues moved up by about 1/4 of a point while that of recent issues, with the exception of Lufthansa, were a shade easier. The EIB is to float an \$50m two tranche issue through Instituto Bancario San Paolo di Torino: the first tranche amounting to \$50m for seven years with an average life of five and carries a coupon of 9 1/2 per cent. It has been priced at 99 1/2 to yield 9.57 per cent. The second tranche is for 12 years with an average life of

nine and carries a coupon of 9 1/2 per cent. It has been priced at 97 1/4 to yield 9.73 per cent. The secondary market for the dollar market was very quiet yesterday with the prices of some issues moving a shade upwards. In the Floating Rate Note sector the \$30m issue for Thailand was priced at par with indicated conditions otherwise unchanged. It was being quoted at 97 1/4 in early trading by the lead managers, Manufacturers Hanover and BNP. Prices of seasoned bonds in the sterling sector moved up by between 1 and 1 1/2 point yesterday and the new FFI issue which was trading for the first time closed at 100 1/10. Most issues rose sharply during the morning and came off the top in the afternoon. Richard Hanson writes from Tokyo that Malaysia yesterday signed an agreement to issue long-term yen bonds in Tokyo with a coupon rate at the highest levels since August 1977. The issue will be for ¥150m over ten years, the coupon rate was set at 7.2 per cent with an issue price of 99.25 per cent with Nomura Securities leading the underwriting group. It is Malaysia's second bond, following an April issue of an equal amounting to ¥100m with a coupon of 6.5 per cent annum, priced at 99.25 per cent.

THOMSON BID FOR THE BAY

Seeking the top prize in Canada's stores

BY JIM RUSK IN TORONTO

THERE IS irony in the bid for control of Hudson's Bay by the family and heirs of the late Lord Thomson of Fleet. In 1978, an aggressive acquisition policy brought the Bay to the top of the department store business in Canada. Now, the Bay itself is the target of a takeover, and this shows in the public statements of its president, Donald McGivern. In late fall, when he was spearheading the Bay to victory in a six-week battle for the control of Simpsons of Toronto, he was always ready with a quick witticism. Now he is more subdued. His first reaction to the Thomson offer was that it is "interesting," but he refrained from further comment until it is considered by the Bay Board. More than anyone else, Mr. McGivern is aware of what a prize the Bay represents for the Thomson family or to a challenger to the Thomsons if one emerges. Mr. McGivern, once an executive with T. Eaton Co. of Toronto, one of The Bay's two main rivals, took the world's

oldest chartered trading company through two key acquisitions. One of the purchases was, of course, Simpsons. The Bay's other chief rival in the department store business, and the other was Zeller's of Montreal, a junior department store chain. Simpson's was the prize catch. While the 21-store chain's sales in the C\$700m range in 1978 were just under half The Bay's level before the acquisitions were made, The Bay also obtained a 43.5 per cent interest in Simpsons-Sears, a catalogue and department store retailers with sales of over C\$250m and profits pushing the C\$50m mark. Zeller's, which also controls the Fields Department store chain in British Columbia and Alberta has sales of about C\$600m and profits of about C\$12m.

also acquired the 37.5 per cent share of Markborough Properties that it did not own, through a share exchange. In all, The Bay issued about 8m shares in making its 1978 acquisitions to bring the total number of shares outstanding to 23.1m. Markborough is a land developer with projects under way in both Canada and the United States. Although the acquisition of Simpsons gave The Bay close to 30m square feet of retailing space (excluding the interest in Simpsons-Sears), department store retailing is not the only activity of the company. Department store retailing is not the only activity of the company. It has about 230 retail stores in Northern and Resource Communities, developed from the original trading posts, and about 60 Shop-Rite Catalogue Stores; there is a 38 per cent interest in Eatonbay Financial Services, an aggressive company that, through subsidiaries, markets a range of retail financial services; a travel subsidiary which is jointly owned; a wholesale operation which distributes a number of pro-

Share swap

The chain, which was the Canadian operation of the now bankrupt W. T. Grant of New York, is 57 per cent controlled by The Bay. During the year, The Bay

facts including an involvement in the marketing of Hudson's Bay spirits; a fur business where the company is still one of the world's largest — and a 21.1 per cent interest in Hudson's Bay Oil and Gas Co., one of Canada's major petroleum producers. In 1978, the company disposed of its 36.6 per cent interest in Siebens Oil and Gas for a gain of about C\$82m.

C\$2.1bn assets

The pro forma balance sheet published at the time of the company bid put company assets, after a Simpson-Sears Oil and Gas share swap, at C\$2.1bn, or about C\$600m, or about C\$2.1bn.

Arabian Seaoil to buy Corco

By Our Financial Staff

ARABIAN SEA OIL Corporation which consists of a group of Arab investors headed by Mr. Peter Tamraz, has signed an agreement in principle for the acquisition of Commonwealth Oil Corporation (Corco), the financially troubled oil group. The contract calls for Seaoil to invest \$70m in a new company to be formed to carry on Corco's trading activities. Agreement has to be obtained with Corco's major creditors by April 16.

New UV asset distribution plan

BY DAVID LASCELLES IN NEW YORK

UV INDUSTRIES, yesterday modified its plan to go into liquidation and distribute its \$500m worth of assets to shareholders. The Board announced that should this plan not get the necessary two-thirds approval at a special shareholders' meeting on March 26, a second proposal would be voted on. This would provide for the sale of only part of the company's assets, and its con-

tinuation in existence. This plan would need only a majority vote. The aim is to thwart any attempt by Mr. Victor Posner, a large shareholder, to block the liquidation and to seek to gain control of UV's cash assets. The new proposal would enable shareholders to benefit at least from a partial liquidation, even if the total liquidation plan failed to go through.

Rhone-Poulenc bid move

NEW YORK — Rhone-Poulenc SA has commenced an action in the Supreme Court of the State of New York, county of New York, against Dal Nippon Ink and Chemicals America.

The action seeks to enjoin Dal Nippon from proceeding with its announced tender offer for the common stock of Polychrome Corporation without complying with the New York Securities Takeover Disclosure Act and an order has been entered in this action requiring Dal Nippon to show cause why it should not be enjoined from proceeding with its offer without such compliance. Rhone-Poulenc's action in the Southern District of New York seeking to enjoin Dal Nippon's tender offer is still pending.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices published on the second Monday of each month. Closing prices on March 5.

Table with columns for U.S. DOLLAR, DEUTSCHE MARK, SWISS FRANC, OTHER STRAIGHTS, CONVERTIBLE BONDS, and YEN STRAIGHTS. Each column lists various bond issues with their respective prices and yields.

Advertisement for Union Carbide Corporation. Text includes: 'has sold two of its wholly owned European subsidiaries, Bakelite Xylonite Limited and Union Carbide Belgium N.V.', 'BP Chemicals International Ltd. a wholly owned subsidiary of The British Petroleum Company, Ltd.', and 'MORGAN STANLEY & CO. Incorporated'. Date: March 5, 1979.

Handwritten Arabic text: هكزا من الأجر

Companies and Markets

INTERNATIONAL COMPANIES and FINANCE

Cie Bancaire shareholders to receive higher payout

By Robert Mauthner in Paris

OMPAGNIE BANCAIRE, the major French banking and credit holding company, announces a net profit for 1978 of FF 70.6m (\$16.5m) compared with FF 65.8m in 1977. The annual meeting, due to take place on April 25, will be expected to approve the payment of FF 38.5m in dividend. This corresponds to FF 10 per share against FF 8 last year, with FF 5 tax bonus, representing a 40% increase on the 1977 dividend of FF 15 a share. The consolidated profit will be announced until March 1, but is estimated to be 15% higher than the FF 257m achieved in 1978. After provisions for taxes and exceptional charges of some FF 44m, Compagnie Bancaire's net operating profit came to FF 72m, only marginally down from the previous year's FF 80.7m, but some FF 20m up on 1976. Banking operations yielded a pre-tax profit of FF 63.8m. The costs of FF 20.3m for the May 1978 bond issue, together with risk provisions have been incorporated in the account. Gross portfolio revenues totalled FF 59.2m, some FF 4m more than in 1977. Credits granted by the group's companies, which specialise in all kinds of credit operations including hire purchase and house mortgages, totalled FF 20.9bn in 1978, up by 11 per cent on the previous year. Loans outstanding at the end of last year totalled FF 51.6bn. The raising of the dividend from FF 8 to FF 10 marks a modification of Compagnie Bancaire's policy in this field, which has been to distribute a fixed payment per share every year, with the increase in shareholders' revenue coming from scrip issues. Thus, for the 12-year period covering 1966 to 1977, shareholders have always received a total dividend (including tax bonus) of FF 12 per share, but have benefited from five scrip issues. This has assured them an increase in average dividends of 12.6 per cent per annum.

KHD rights issue to raise DM 130m

By Our Financial Staff

DESPITE LOWER profits and sales, Kloeckner-Humboldt-Deutz is raising its dividend for 1978 by DM 1 to DM 7 per share. The company also proposes a one-for-five rights issue to raise DM 132.6m (\$71m). In a letter to shareholders, the West German engineering group (diesel motors, vehicles and process plant) puts forward proposals for an increase in capital to DM265m from DM220.8m. Subscription to the new shares—at a price of DM150—will be open from March 12 for 15 days. Sales last year eased from DM4.7bn (\$2.5bn) to DM4.4bn and profits, although described as satisfactory, show a reduction on the DM46.5m net achieved in 1977. As recently as last August, the company was predicting a decline in earnings for 1978. Looking to 1979, the current year, KHD said that despite some "factors of insecurity," the company expected to expand its turnover and once again achieve satisfactory earnings. The main reason for this expectation was a 19 per cent increase in outstanding orders at the end of 1978 compared with the year before. Outstanding orders totalled DM2.76bn compared to DM2.4bn the year before.

Volvo dividend rise and cash call

By William Dullforce in Stockholm

THE VOLVO Board is to raise SKr 212m (\$48.7m) in new capital by a one-for-five rights issue at SKr 60. It is smoothing the way for the issue by increasing to SKr 7 a share its earlier proposal to pay an unchanged SKr 6 dividend to shareholders for 1978. Volvo is returning to the Swedish market for capital after its shareholders blocked the management's ambitious plan to sell 40 per cent of the company to Norway. The Norwegian deal would have brought SKr 750m in new capital. When that deal was defeated at the end of January, Mr. Tore Browaldt, the Board chairman, said Volvo needed at least SKr 500m in new capital to carry out its long-term investment plans. Mr. Pehr Gyllenhammar, the managing director, said the SKr 212m rights issue now proposed was considered to be what the market "would bear for the time being." The Board noted in a communique issued after the Sunday meeting that the 1978 result embodied an increase of around SKr 300m in earnings and that sales had got off to a sound start this year. Volvo cars had achieved record market shares in Sweden and the U.S., while the order intakes of both Volvo trucks and Penta diesel engines had been good. The efforts currently being made should give good future returns the Board believed. It would be "natural" for the dividend to follow the long-term profit development and for Volvo shares to be an attractive placement. The Board proposed to introduce Volvo shares to the Oslo Stock Exchange and to continue the co-operation with Norwegian industry foreshadowed in the aborted deal. Contact would be maintained with the Norwegian oil industry, but Mr. Gyllenhammar said he had little hope that Volvo would be involved in the forthcoming allocation of North Sea blocks. On the Stockholm Stock Exchange yesterday the Volvo price jumped to SKr 92 in initial dealings but fell back to SKr 88.50 at the close for a gain of SKr 4.50 over the closing price on Friday. Trading in Volvo shares was described as brisk. The rights issue was welcomed by shareholders who had been critical of the Norwegian deal. Mr. Haakon Gergis, chairman of the shareholders' Association, expected shareholders to support the issue. Mr. Sigvard Ando, managing director of the Custos Investment Company, said the issue was smaller than expected and should not be difficult to place. Both attached importance to the Board's decision to raise the 1978 dividend as marking recognition by the board of the need to offer a fair return on risk capital.

KNP relieved of Okto losses

By Charles Batchelor in Amsterdam

UTCH PAPER-MAKER Koninklijke Nederlandse Papierfabriek (KNP) said it has reached an agreement under which its loss-making subsidiary, Okto, will be sold to a group of investors. The deal, which is expected to be completed by the end of the month, will relieve KNP of its losses. Under the plan, debts to KNP and government-guaranteed loans totalling together more than Fl 70m (\$35m) will be written off. Okto's share capital of Fl 80m will be increased by Fl 40m, with KNP and NOM maintaining their respective shareholdings. KNP will also provide Okto with overdraft facilities worth up to Fl 10m. The details of the rescue are still being worked out and will be announced in KNP's annual report, due on April 26. Starting up problems with Okto's board-making equipment and the low prices for testliner and corrugated board resulted in Okto's losses since 1978 having absorbed almost its entire assets. The equipment is now working properly and it will be capable of producing about 65,000 tonnes of board in the current year. Overcapacity for flexible board is expected to continue for several years, however, KNP said. On the basis of the earlier forecast by the KNP Board that net profits would be about Fl 11m in 1978 and the reported loss of Fl 4m, Okto losses were about Fl 15m.

Svenska Handelsbanken ahead

By Our Nordic Editor

SVENSKA HANDELSBANKEN improved its adjusted earnings on the consolidated account from SKr 54 to SKr 76 a share in 1978 and continued to stay well ahead of the average earnings for the Swedish banking sector. The banking operation increased its operating profit by 43 per cent to SKr 833m (\$191m), giving a return on equity of 15.6 per cent compared with 13.1 per cent in the previous year. The balance sheet grew by 20 per cent to SKr 48.9bn. Mr. Jan Ekman and Mr. Tom Hedelius, the two managing directors, state in the final shareholders report for 1978 that the prospects of maintaining the bank's profit level are good. The board's decision to propose a SKr 2.50 increase in the dividend to SKr 15.50 is an expression of confidence in Svenska Handelsbanken's future profit capacity, they say. The proposed dividend is in line with the bank's principle that the return to shareholders should be proof against inflation. The 1977 dividend fell short of this aim because the board respected Swedish Government requests for dividend restraint but the ground lost by shareholders has been more than recovered by the 1978 payment. The bank's subsidiary operations, which now account for a fifth of the consolidated turnover and profit have been growing at the same pace as the bank itself. Consolidated earnings climbed by just over SKr 300m to SKr 975m last year. Svenska Handelsbanken continued to expand its foreign operation. Currency dealing did not give as good a return as in 1977 but the bank managed a considerable volume of short-term finance for Swedish trade and increased its share of medium and long-term borrowing in foreign currencies. During 1978 a wholly owned subsidiary was established in Luxembourg and built up a profitable business within six months. Higher profits and an unchanged dividend are announced for 1978 by BBC Brown Boveri, the Swiss engineering company. Net profits of the parent company rose to SwFr 41.7m (\$24.8m) from SwFr 38.8m last year, an improvement of 7.4 per cent. Sales—also for the parent only—moved ahead by more than a tenth to SwFr 2.32bn. Dividends are being held at SwFr 50 per "A" series Bearer share and SwFr 10 per "B" series Bearer share and Participation certificate. Payment will be on capital increased last year by 10 per cent.

Increased result from Brown Boveri

By Our Zurich Correspondent

HIGHER PROFITS and an unchanged dividend are announced for 1978 by BBC Brown Boveri, the Swiss engineering company. Net profits of the parent company rose to SwFr 41.7m (\$24.8m) from SwFr 38.8m last year, an improvement of 7.4 per cent. Sales—also for the parent only—moved ahead by more than a tenth to SwFr 2.32bn. Dividends are being held at SwFr 50 per "A" series Bearer share and SwFr 10 per "B" series Bearer share and Participation certificate. Payment will be on capital increased last year by 10 per cent.

Bank of Finland maintains earnings

By Lance Keyworth in Helsinki

WITH THE benefit of more profitable trading activities in local 1978, Bank of Finland has produced what it describes as a relatively good result for the year. Its balance-sheet total moved up 14 per cent to FM 2,23bn (\$820m) and the bank's total guarantee commitments rose 10.6 per cent to FM 2,54bn. The deposit total rose by 5 per cent to FM 1,86bn, including FM 231m in cheque accounts. The increase in lending was held to 7 per cent, compared with 11.5 per cent in 1977, and totalled FM 2,24bn at the end of the year. The bank's liquidity ratio was 72 per cent, a 2 per cent minimum is required. The bank transferred FM 12m to the credit loss reserve, taking the total reserve up to FM 73.5m at the end of the year, which was 2.5 per cent of the credit portfolio. Net earnings for 1978 after this transfer, tax and depreciation came to FM 10.7m, practically the same as the profit in 1977. Bank of Helsinki proposes to maintain a dividend of 11 per cent on its share capital of FM 84m. The bank launched a new share issue in January, 1978, which will raise its share capital to FM 105m. When the new issue closes in April, Bank of Helsinki's aggregate equity and reserve funds will be FM 228.5m.

U.S. bankers concentrate on new Eurobond activity

By Nicholas Colchester

BANKERS TRUST INTERNATIONAL, yesterday began to make markets in 75 fixed rate dollar Eurobonds in addition to its established market-making activity in floating rate notes and Eurodollar certificates of deposit. The development is part of a conspicuous move by U.S. banks to increase their involvement in the Eurobond secondary market. Ames Bank, the London subsidiary of American Express, is building up to a start in April as market maker in 52 Floating Rate notes and 175 straight dollar bonds. Bank of America and Chemical Bank have already increased their market making activities. Among the Wall Street investment banks Blyth Eastman Dillon and Kuban Loeb Lehman have emerged this year as substantial market makers in the international bond market in London. Their common argument for an increased presence in the secondary market is that building up competence and a reputation in the bond trading business is a prerequisite for success as a manager of new issues.

Mannesmann turns in sluggish performance

By Guy Hawtin in Frankfurt

MANNESMANN, the large West German pipe, plant and engineering group, saw group sales rise by 7 per cent last year. They went up from DM 11,71bn to DM 12,56bn (\$6.75bn). Profits, however, were disappointing and, according to the management yesterday, the hoped-for 1978 improvement failed to materialise. Earnings remained at about the same level as 1977 when the net fell 28.7 per cent to DM 216m. The report stated that profits were hit by the steel workers' strike which affected the group's West German smelters and tube works. The dispute had offset the benefits the group had reaped from improved utilisation of capacity and price increases in a number of operational areas. Earnings performance in the Demag, Rexroth and plant construction divisions had been satisfactory, said the report. Profits in the Mannesmann trading operations had also improved. Generally, 1979 had started confidently, said the report.

Landis and Gyr to hold profits

By John Wicks in Zurich

SWISS electrical engineer, Landis and Gyr, expects to broadly maintain profits for this year. In the year ended last September, the company made SwFr 48m at the net level. This was stated at the annual general meeting held in Zug last weekend by Gottfried Straub-Gyr, managing chairman. In the first four months of 1978-79, the value of orders received had been higher by some 15 per cent with this development applying in all divisions, he declared. SWISS BANK Corporation affiliate Universal Fund, a fund for shares of companies in industrialised countries, is to pay an unchanged gross dividend of SwFr 3 per certificate for 1978 after a slight decline in net profits from SwFr 2.98 to SwFr 2.96 per certificate. Total fund holdings fell from SwFr 71.4m to SwFr 60.7m. Last year, the fund increased its cash reserves from 9.8 to no less than 36.6 per cent of assets. The share accounted for by straight bonds was almost unaltered at 8.4 (8.2) per cent, but that of shares and convertible bonds fell sharply from 81.5 to 54.4 per cent. This latter situation was due largely to large-scale divestments of U.S. paper. DEPARTMENT-store concern Magazine Zum Globus, of Zurich, has reached an agreement with the London-based MSP Management Systems and Programming for the marketing of the British company's software in Switzerland, Austria and Liechtenstein.

Williams & Glyn's Interest Rate Changes

Williams & Glyn's Bank announces that with effect from 6th March 1979 its Base Rate for advances is reduced from 13 1/2% to 13% per annum. Interest on deposits at 7 days' notice is reduced from 11% to 10 1/2% per annum.

WILLIAMS & GLYN'S BANK LTD



CONTINENTAL ILLINOIS CORPORATION AND SUBSIDIARIES CONTINENTAL BANK

231 SOUTH LA SALLE STREET, CHICAGO, ILLINOIS 60693, U.S.A.

1978 was another year of record earnings for Continental Illinois Corporation. Income before security transactions was a record \$168,724,000, or \$4.51 per share, a 17% increase over 1977 earnings of \$144,204,000, or \$4.05 per share. These record earnings resulted in a return on average stockholders' equity of about 15% for the fourth consecutive year. Fourth-quarter income before security transactions also rose to a record level of \$47,290,000, or \$1.21 per share, up 13.8% from the previous record of \$41,554,000, or \$1.16 per share in 1977. Continental Illinois Corporation, with its major subsidiary, Continental Bank, is the seventh largest bank holding company in the United States with assets totaling \$31 billion at year end. Today we have over 100 offices in 31 countries where Continental Bank specialists are committed to serving the financial needs of the business community. Our 1978 Annual Report to stockholders will be available shortly. If you would like to have a copy, please write our Corporate Secretary.

Roger E. Anderson, Chairman of the Board of Directors; John H. Perkins, President

Consolidated Statement of Condition/December 31 (in millions, U.S. Dollars) 1978 1977. Assets: Cash and due from depository institutions: \$3,897.1 vs \$2,879.4; Total assets: \$31,058.6 vs \$25,800.2. Liabilities: Deposits: \$4,926.4 vs \$4,429.1; Total liabilities and stockholders' equity: \$31,058.6 vs \$25,800.2.

- Board of Directors: Roger E. Anderson, Chairman of the Board of Directors; John H. Perkins, President; Donald C. Miller, Vice Chairman and Treasurer; Raymond C. Baumhart, S.J., President, Lovola University of Chicago; James F. Beré, Chairman and Chief Executive Officer, Borg-Warner Corporation; Gordon R. Corey, Vice Chairman, Commonwealth Edison Company; William A. Hewitt, Chairman and Chief Executive Officer, Deere & Company; William B. Johnson, Chairman and Chief Executive Officer, IC Industries, Inc.; Jewel S. Lafontant, Senior Partner in the law firm of Lafontant, Wilkins & Malkin; Vernon R. Loucks, Jr., President and Chief Operating Officer, Baxter Travenol Laboratories, Inc.; Robert H. Malott, Chairman and Chief Executive Officer, FMC Corporation; Marvin G. Mitchell, Chairman of the Board and President, Chicago Bridge & Iron Company; Keith R. Potter, Executive Vice President, Finance International Harvester Company; William J. Quinn, Retired, formerly Chairman and Chief Executive Officer, Chicago, Milwaukee, St. Paul & Pacific Railroad Company; Robert W. RENEKER, Retired, formerly Chairman and Chief Executive Officer, Esmark, Inc.; Paul J. Rizzo, Senior Vice President and Group Executive, Data Processing Product Group, International Business Machines Corporation; Thomas H. Roberts, Jr., Chairman of the Board and Chief Executive Officer, DE KALB AgResearch, Inc.; Michael Tenenbaum, Retired, formerly President, Inland Steel Company; Arthur M. Wood, Retired, formerly Chairman of the Board and Chief Executive Officer, Sears, Roebuck & Co.; Blaine J. Yarrington, Executive Vice President, Standard Oil Company (Indiana).

OFFICES IN UK: London Branch, Continental Bank House, 162 Queen Victoria Street, London, EC4. Representative Office, 9 St. Colme Street, Edinburgh. MERCHANT BANKING: Continental Illinois Limited, Continental Bank House, 162 Queen Victoria Street, London, EC4. INVESTMENT SERVICES: Continental Illinois International Investment Corporation, Continental Bank House, 162 Queen Victoria Street, London, EC4. OTHER EUROPEAN OFFICES: Antwerp, Brussels, Liege, Düsseldorf, Munich, Frankfurt, Piraeus, Athens, Thessaloniki, Madrid, Rotterdam, Amsterdam, Milan, Rome, Paris, Vienna, Geneva and Zurich.



International Energy Bank Limited

Winchester House 100 Old Broad Street London EC2M 1BE

Abstract from the Audited Accounts for the year ended 31st December 1978

Table with columns for 1978 and 1977, showing Profits, Balance Sheet, and Shareholders information.

Shareholders: Bank of Scotland, Republic National Bank of Dallas, Banque Worms, Barclays Bank International Limited, Canadian Imperial Bank of Commerce, Societe Financiere Europeenne - (SFE)

Further Monier move into U.S.

By Our Sydney Correspondent CONCRETE INDUSTRIES (Monier), the concrete and building products group, has continued to expand in the U.S.

Monier, in which Redland of the UK holds a 48 per cent interest, recently established a fly ash operation in southern Texas.

Sun Hung Kai

Sun Hung Kai Securities is estimated to handle about 25 per cent of all Hong Kong stock broking business, writes our financial staff.

CONSUMER CREDIT IN AUSTRALIA

HFC buys into David Jones Finance

BY JAMES FORTH IN SYDNEY

HOUSEHOLD FINANCE Corporation, the largest consumer finance company in the U.S., has entered the Australian market by subscribing for a 49 per cent equity stake in the local finance company, David Jones Finance.

present owned wholly by the major retail group David Jones, which will retain 51 per cent of the capital.

Boral forecasts sales growth

BY OUR SYDNEY CORRESPONDENT

BORAL, the major building products, quarrying, road surfacing and gas group, lifted its profit 20 per cent from A\$10.4m to A\$12.5m (U.S.\$14m) in the December half-year.

sales and profits for the full year. Group sales for the six months rose 32 per cent from A\$144m to A\$190m (U.S.\$213m).

Production upsurge helps Clal Industries

BY L. DANIEL IN TEL AVIV

CLAL INDUSTRIES—a subsidiary of Israel's largest investment company, Clal—reported a 140 per cent increase in net profit for 1978 to I\$210m (\$12.5m).

AN INCREASE of 79 per cent is reported by The First International Bank of Israel in its net profits for 1978, to I\$96m (\$5.5m).

Haggie improves earnings with export successes

BY JIM JONES IN JOHANNESBURG

HAGGIE—South Africa's largest private steel rope and engineering company, 30 per cent-owned by Bridon (formerly British Ropes) and 27 per cent by Union Corporation—raised its pre-tax profits by 25.3 per cent in 1978, to R15.1m (\$17.9m), from R12.1m in 1977.

Conplant in joint venture

By Our Financial Staff

CONSOLIDATED Plantations (CP), a member of the Sime Darby group, has entered its first joint venture with a Bumiputra company, with the acquisition of 45 per cent of the issued share capital of Syarikat Hadapan Berhad for 1.57m ringgit (U.S.\$720,000).

Recovery at Dunlop Estates

By Wong Sulong in Kuala Lumpur

DUNLOP ESTATES BERHAD made a strong recovery during the second-half of 1978 to bring the year's profits to 32.7 per cent (U.S.\$14.9m), or 0.6 ringgit more than 1977.

The company's palm oil output was hit severely by drought, and although production recovered during the second half, profits from palm oil of 15.6m ringgit was still below the 19.02m ringgit of the previous year.

NOTICE

To the holders of the Floating Rate U.S. Dollar Certificates of Deposit due 9th March, 1982 of:



The Sumitomo Bank, Limited

Ground Floor, DBS Building, 6, Shenton Way, Singapore 7.

We hereby certify that the rate of interest payable on the above-mentioned Certificates of Deposit for the Interest Period beginning on 5th March, 1979 and ending on 5th September, 1979 is 11 1/2 per cent per annum.

OBS-DAIWA SECURITIES INTERNATIONAL LIMITED



We are pleased to announce that David B. Ziff has been appointed a Director

Oppenheimer & Co. Ltd.

Portland House, 72/73 Basinghall Street, London EC2V 5AJ Telephone: 01-606 3271

March 6, 1979



The Mitsui Trust and Banking Co., Ltd. (London Branch)

US \$ 10,000,000

Negotiable Floating Rate Certificates of Deposit Maturity date March 9, 1981

In accordance with the provisions of the Certificates of Deposit notice is hereby given that for the initial six month Interest Period from March 7, 1979 to September 7, 1979, the Certificates will carry an Interest Rate of 11 1/4 per annum.

Manager & Agent Bank Orion Bank Limited



Falcon Seaboard Inc.

has been acquired by wholly-owned subsidiary of

Diamond Shamrock Corporation

The undersigned acted as financial advisor to Falcon Seaboard Inc. in this transaction.

DEAN WITTER REYNOLDS INC.

March 2, 1979

Advertisement for Professionals Only, featuring a diamond logo and text: 'When choice allows no error... Get in touch with... LAST DIAMONDS'.



BANK OF SCOTLAND

Base Rate

The Bank of Scotland intimates that, as from 6th March, 1979 and until further notice, its Base Rate will be reduced from 13 1/2 per annum to 13 per annum.

LONDON OFFICES—DEPOSITS The rate of interest on sums lodged for a minimum period of 7 days will be 10 1/2 per cent, also with effect from 6th March 1979

INVEST IN 50,000 BETTER TOMORROWS!

50,000 people in the United Kingdom suffer from progressively paralyzing MULTIPLE SCLEROSIS—the cause and cure of which are still unknown — HELP US BRING THEM RELIEF AND HOPE.

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Please help — send a donation today to: Room F.1, The Multiple Sclerosis Society of G.B. and N.I., 4 Tachbrook Street, London SW1 1SJ



Lloyds Bank Interest Rates

Lloyds Bank Limited has reduced its Base Rate from 13 1/2% to 13% p.a. with effect from Tuesday 6th March 1979

The rate of interest on 7-day notice Deposit accounts and Savings Bank accounts is reduced from 11% to 10 1/2%

The change in Base Rate and Deposit account interest will also be applied from the same date by the United Kingdom branches of

Lloyds Bank International Limited The National Bank of New Zealand Limited and by Lewis's Bank Limited

CURRENCIES, MONEY and GOLD

WORLD VALUE OF THE POUND

Pound steady in quiet trading

The beginning of a new month... a modest but steady improvement over most major currencies.

Recovery at Dunlop Estates... The pound opened slightly higher against most currencies...

CHANGE CROSS RATES

Table with columns for Mar. 5, Pound Sterling, U.S. Dollar, Deutschmark, Japanese Yen, French Franc, Swiss Franc, Dutch Guilder, Italian Lira, Canadian Dollar, Belgian Franc, Austrian Dollar, Spanish Peseta, Portuguese Escudo, Greek Drachma, Hong Kong Dollar, New Zealand Dollar, Saudi Arabian Riyal, Singapore Dollar, South African Rand.

RO-CURRENCY INTEREST RATES

Table with columns for Mar. 5, Sterling, U.S. Dollar, Canadian Dollar, Dutch Guilder, Swiss Franc, West German Mark, French Franc, Italian Lira, Asian \$, Japanese Yen.

INTERNATIONAL MONEY MARKET

Paris rates easier

Interest rates tended to ease in Paris yesterday... BRUSSELS—Deposit rates for the Belgian franc (commercial) were slightly easier in places.

INTERNATIONAL MONEY MARKET

Exceptional assistance

Bank of England Minimum Lending Rate 13 per cent... assistance by buying a small amount of Treasury bills from the discount houses.

INDON MONEY RATES

Table with columns for Mar. 5 1979, Sterling Certificate on deposit, Interbank, Local Authority deposits, Local Auth. negotiable bonds, Finance House Deposits, Company Deposits, Discount market, Treasury Bills, Eligible Bank Bills, Fine Trade Bills.

THE DOLLAR SPOT AND FORWARD

Table with columns for Mar. 5, Day's spread, Close, One month, Three months, % p.a., % p.a.

THE POUND SPOT AND FORWARD

Table with columns for Mar. 5, Day's spread, Close, One month, Three months, % p.a., % p.a.

CURRENCY RATES

Table with columns for Mar. 5, Bank rate, Special Drawing Rights, European Unit of Account, Mar. 5, Bank of England, Morgan Guaranty changes %.

CURRENCY MOVEMENTS

Table with columns for Mar. 5, Sterling, U.S. Dollar, Deutschmark, Japanese Yen, French Franc, Swiss Franc, Dutch Guilder, Italian Lira, Canadian Dollar, Belgian Franc, Austrian Dollar, Spanish Peseta, Portuguese Escudo, Greek Drachma, Hong Kong Dollar, New Zealand Dollar, Saudi Arabian Riyal, Singapore Dollar, South African Rand.

OTHER MARKETS

Table with columns for Mar. 5, Argentina Peso, Australia Dollar, Brazil Cruzeiro, Finland Markka, Greek Drachma, Hong Kong Dollar, Iran Rial, Kuwait Oilmar, Luxembourg Franc, Malaysia Ringgit, New Zealand Dollar, Saudi Arabian Riyal, Singapore Dollar, South African Rand.

The table below gives the latest available rates of exchange for the pound sterling against various currencies on March 5, 1979.

Large table with columns for PLACE AND LOCAL UNIT, VALUE OF £ STERLING, PLACE AND LOCAL UNIT, VALUE OF £ STERLING, PLACE AND LOCAL UNIT, VALUE OF £ STERLING.

Foreign exchange. We deliver. Competitively. Test us. Midland Bank International

BUILDING SOCIETY RATES. Before you trade in U.S. Government Securities talk to Lanston, the U.S. Government Specialist in New York. LANSTON

THOMAS FRENCH & SONS LIMITED. "Rufflette" brand Curtain Sliding Products... Forecast by T. J. French, Chairman

CURRENCY. foreign exchange dealers, corporate financial directors, investment managers, stockbrokers, financial consultants. CLIVE INVESTMENTS LIMITED

WORLD STOCK MARKETS

Early Dow 10.5 rise on brighter news

Exports are expected to reach only half their 1978 levels...

THE AMERICAN SE Market Value Index moved higher 1.21 to 164.21 at a pace in moderate activity...

Government intended to honour all of the country's foreign debts. VEB's improved DM 2.50 to DM 3.80...

NEW YORK - DOW JONES Indices table with columns for Mar 1, Mar 2, Mar 3, Mar 4, Mar 5, Mar 6, High, Low, and % Change.

Stock market data for various sectors including Airlines, Chemicals, and Electronics.

Stock market data for various sectors including Banks, Insurance, and Utilities.

Germany - Most shares advanced in an active session. Volkswagen rose 1.1% to 802.5.

STANDARD AND POORS Indices table with columns for Mar 1, Mar 2, Mar 3, Mar 4, Mar 5, Mar 6, High, Low, and % Change.

Stock market data for various sectors including Metals, Textiles, and Food.

Stock market data for various sectors including Energy, Transportation, and Real Estate.

Tokyo - Activity was at a low ebb yesterday, and stocks failed to maintain a firmer start.

JOHANNESBURG Indices table with columns for Mar 1, Mar 2, Mar 3, Mar 4, Mar 5, Mar 6, High, Low, and % Change.

Stock market data for various sectors including Agriculture, Healthcare, and Consumer Goods.

Stock market data for various sectors including Technology, Media, and Entertainment.

Paris - The strike preventing quotations at the Paris Bourse will continue at least until Monday.

BRUSSELS/LUXEMBOURG Indices table with columns for Mar 5, Price, +/-, Div. Yld., and %.

EUROPEAN OPTIONS EXCHANGE table with columns for Series, Vol., Last, and Price.

BASE LENDING RATES table with columns for Bank Name and Rate.

AMSTERDAM Indices table with columns for Mar 5, Price, +/-, Div. Yld., and %.

PARIS Indices table with columns for Feb 28, Mar 5, Price, +/-, Div. Yld., and %.

Smaller profits growth for non-life insurance

BY RICHARD LAMBERT, Financial Editor

THE WORLD'S non-life insurance business has had a dramatic recovery in profits during the last three years. In contrast to substantial losses in 1975, the U.S. property/casualty insurance companies achieved a record underwriting gain of over \$2bn in 1978. But from now on, life is likely to be tougher.

Pre-tax profits of the seven leading composite insurance companies in the UK probably rose by around a fifth in 1978 to nearly £800m in aggregate, following a jump of over 50 per cent in 1977. But profit growth this year is likely to be under 10 per cent, and the performance in 1980 could be even more pedestrian.

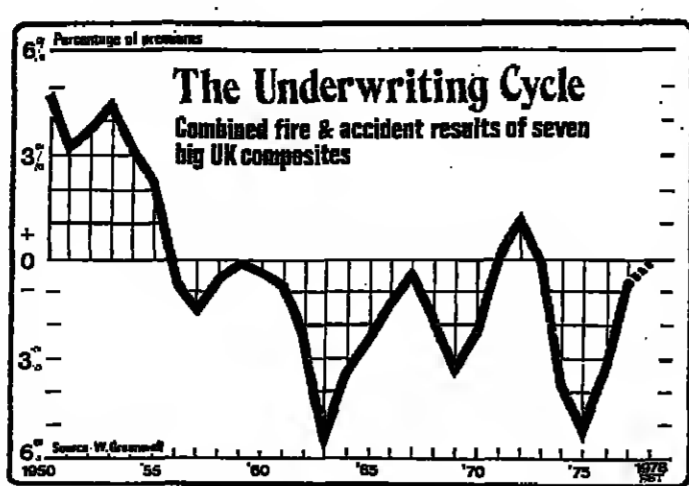
All three of the major UK groups which produced 1978 figures last week—Royal, Commercial Union and General Accident—are hoping to report higher profits in 1979. But their sights have already had to be lowered as a result of the bad weather in the UK during the first two months of the year. Further exceptional losses of any size would probably reduce their earnings growth to negligible proportions in 1979.

The main reason for this slowdown is that many classes of business in the U.S. market have reached a level of profitability which—because of competition and the influence of state regulatory authorities—is unlikely to be sustained for very long. The returns of many important U.S. companies, like Aetna, Continental St. Paul and Travelers, were already beginning to ease a little in the last quarter of 1978. And A. M. Best and Co., which monitors the U.S. insurance business, says that it "is more than just possible" that the industry's combined expense and loss ratio will exceed 100 per cent in 1979. In plain language, that means an underwriting loss.

Big seven

The U.S. market accounts for over a quarter of the non-life premium income generated by the big seven UK companies, and a considerably higher proportion for the three which reported last week. But they are by no means uniformly gloomy about the immediate prospects.

Mr. Jack Emms, chief general manager of the Commercial Union, thinks that "there must be a downturn in the U.S. this year." His opposite number at the Royal, Mr. Kenneth Bevins, takes a more hopeful view. "I don't subscribe to the view that



we've hit the top of the cycle and that from now on we can only go downwards," he says. "I'm looking for more of a plateau, rather than the sudden rush downhill which some people are talking about."

Similarly Mr. David Blaikie, chief general manager of General Accident, is hopeful that, barring some unforeseen disaster, "things will not be too bad for us in the U.S. this year."

Given the enormous size of the U.S. market, a great deal depends on the way that each company's business is spread by State and by line of business. For instance, Royal Insurance has relatively low exposure to private passenger auto business, which is probably where competition has been keenest, and rate increases most hard to come by. On the other hand, workmen's compensation represents about a sixth of its U.S. business, and this is one of the few classes of businesses which did see significant rate increases last year.

"the Dutch market reached the nadir in 1977, and we hope that it is still on the recovery track."

In the UK market (a third of combined premium income) the position is more confused. The bad weather will have been a blow to specialists in householders' business, like Sun Alliance. Commercial property insurance, however, still appears to be doing well, and several companies have been doing better in general liability lines.

Interpretation

Thus they have increased their outstanding claims reserves as a proportion of investment income, to reflect higher rates of inflation and wider interpretations of liability. They have significantly reduced the share of their non-life investment funds held in equity or equity-type investments. For Commercial Union, the proportion dropped from 49 per cent to 29 per cent between 1972 and 1977; at the Royal, it dropped from 42 per cent to 23 per cent. The result is that any 1974-type collapse in investment values would now have a very much less painful impact on their solvency ratios.

ally higher than it was six years ago.

However the U.S. companies have not been able to rebuild their capital base back to the level of 1972-73: as a proportion of premium income, shareholders' funds are still noticeably lower than they used to be despite the recent surge in profits. This ought to make managers less inclined to compete so savagely on rates, especially when the scares of 1975 are so fresh in their minds. And one of the troubles of the mid 1970s arose from the fact that the conglomerates, which had moved into the insurance business in a big way, looked on premium income more as a source of cash flow, than as compensation for risk. With luck, they will be more selective this time around.

Of course, it is always tempting to assume that people are going to be sane the next time around. But even if they are not, the crucial point is that the UK companies have all radically reduced their exposure both to underwriting and investment risks in recent years. Their financial stance is very much more conservative than it used to be.

For advertising details please ring

01-248 8000
Extn. 7008

LOCAL AUTHORITY BONDS

Every Saturday the Financial Times publishes a table giving details of Local Authority Bonds on offer to the public.

Barclays Bank Base Rate

Barclays Bank Limited and Barclays Bank International Limited announce that with effect from the close of business on 6th March, 1979, their Base Rate will be decreased from 13½% to 13% per annum.

The basic interest rate for deposits will be decreased from 11% to 10½% per annum.

The new rate applies also to Barclays Bank Trust Company Limited



BARCLAYS

Reg. Office: 54 Lombard Street, EC3P 3AH Reg. No's 2839, 920880 and 282679.



National Westminster Bank

NatWest announces that with effect from Tuesday, 6th March, 1979, its Base Rate is reduced from 13½% to 13% per annum.

The basic Deposit and Savings Account rates will be reduced from 11% to 10½% per annum.



Coutts & Co

Coutts & Co. announce that their Base Rate will be reduced from 13½% to 13% per annum on 6th March, 1979 until further notice.

The Deposit Rate on monies subject to seven days' notice of withdrawal will reduce from 11% to 10½% per annum.

International Product Liability Workshop

LET THE SELLER BEWARE!

is the watchword for British Companies faced with near bankruptcy after accidents caused by defective products. Many brokers refuse to even consider writing product liability insurance and rate increases of 100% are not unusual. America's top courts strategist and expert witness, Byron Bloch, will be joining with Danish Advocate, Dr. Jur. Jorgan Hansen, ex-CBI Legal Adviser, Ivor Hysssey, British Safety Council's Director General, James Tye, and Lloyds Broker, David Burrows, to show you how to keep out of court by using the latest 40 point comprehensive checklist. Byron Bloch will show exclusive film footage of U.S.A. court proceedings and explain how plaintiffs court strategy is formulated. Programme covers:

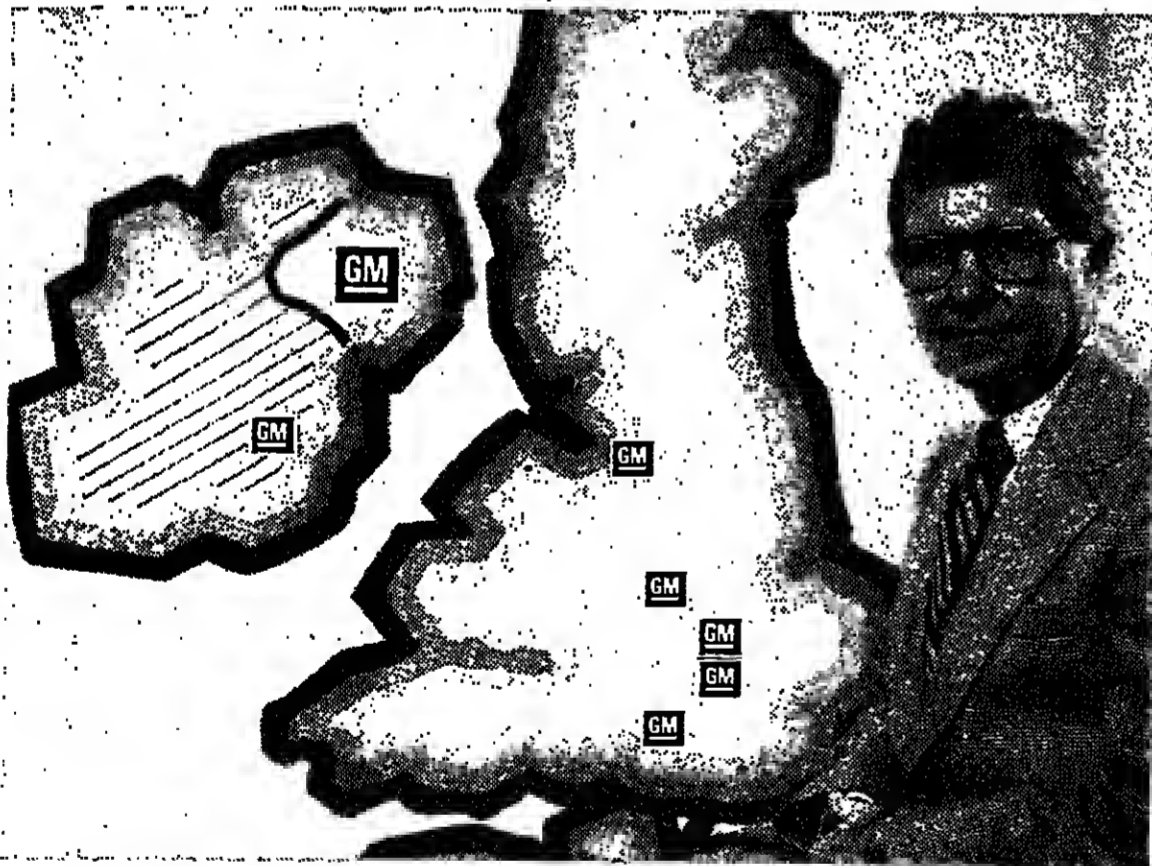
- Definition of Product Liability
- Proposed U.K. Product Liability Legislation
- Visual Briefing of the EEC Directive
- Explanatory memorandum
- A practical approach to Product Safety Programme
- The British Safety Council's 40 Point Check List
- How to measure management involvement in
- How to use the Product Liability Audit
- Existing Product Liability Laws in other EEC countries
- The anticipated effect of conforming to the EEC Directive
- The present problems of exporting to other EEC countries
- Comparison of U.S. Product Liability Law and EEC Directive
- Current proposals being considered in Westminster
- The U.K./U.S. proposals for convention on mutual recognition of judgements
- Insurance market reaction to the EEC proposals
- The effect of the purchase of Product Liability Insurance
- The insurance problems in exporting to the U.S.A. and Canada
- Territorial limits and jurisdiction clauses
- Recall cover
- Discovery of documents in the U.S. and in the U.K.
- Analysis of a 15 point check list on vulnerable risk areas and recommendation on how to reduce the risk



SENIOR EXECUTIVE BRIEFINGS

Division of THE BRITISH SAFETY COUNCIL

DATES: 25 26 27 March 1979 VENUE HOTEL, INTERCONTINENTAL LONDON W.1
To book place' phone FAYE ROTHWELL: 01 741 1231 ext. 208



"At General Motors we appreciate the engineering traditions of Northern Ireland, the labour skills, industrial performance and excellent communications."

R. A. White, Chairman and Managing Director of General Motors Ltd., announcing a new seat belt plant in Northern Ireland—proof that GM sees an important role for Northern Ireland in its worldwide operations.

A commitment to the ideals of industrial excellence makes Northern Ireland an attractive proposition for manufacturing companies, and more than 300 new projects have already been started here.

The people of Northern Ireland are adaptable, loyal to their firms and alive to the necessity for economic growth.

Their efforts are supported and sustained by a package of incentives for industry that has no peer in Europe, with ready availability of venture capital on a buy-back basis, and

finance and support for joint business ventures. This combination of industrial excellence and industrial incentives could influence your own plans for relocation.

Phone Louis Ritchie at the Ulster Office, 01-493 0601. Or write to him at the Industrial Development Organisation for Northern Ireland, Ulster Office, 11 Berkeley Street, London W1X 6BU. Telex 21839.

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right for your company

Deutsche Länderbank

Frankfurt am Main

Financial Highlights

	Dec. 31, 1978	Dec. 31, 1977
Total Assets	DM 3,961 m	DM 3,750 m
Business volume	DM 4,103 m	DM 3,973 m
Capital and Reserves	DM 111 m*	DM 108 m
Dividend	18%	18%

*plus authorized capital of DM 20 million (Resolution of the shareholders' meeting of February 23, 1979)

COMMODITIES and AGRICULTURE

China's withdrawal brings falls in metal markets

BY JOHN EDWARDS, COMMODITIES EDITOR

BASE METAL and silver prices fell sharply yesterday following the announcement that China was withdrawing its troops from Vietnam.

Soviet grain needs rising

BY OUR COMMODITIES STAFF

WASHINGTON—Soviet grain import requirements may rise to 27m tonnes a year by 1980 according to a U.S. Central Intelligence Agency (CIA) report.

Rubber supply warning

KUALA LUMPUR — World natural rubber production will meet no more than 25 per cent of the natural/synthetic rubber demand of 24m tonnes projected for 1980.

On Friday, it was announced in Congress that the House stockpile sub-committee had approved a Bill to some 35,000 long tonnes of stockpile tin.

UK barley stock off

The UK Intervention Board, which administers EEC support buying programmes, has sold just over 17,000 tonnes of its barley stocks following a tender on March 2.

Ghana cocoa purchases

ACCRA—The Ghana Cocoa Market Board said main crop cocoa purchases in the 21st week of the 1978-79 season (ended March 11) totalled 1,366 tonnes.

Disease and marketing hazards hit production

BY WONG SULONG IN KUALA LUMPUR

An acre of pepper provides a decent living, and a farmer is quite rich if he has five acres of the vines.

Sierra Leone to start rutile production

BY A CORRESPONDENT

AFTER ALMOST 10 years of intensive prospecting, Sierra Leone expects to start the production of rutile within a month.

India boosts late exports to ease glut... K. K. Sharma in New Delhi... INDIAN government has decided to export 100,000 bales of raw cotton...

Further notice... deposit rate... subject to seven... withdrawal... per annum.

BRITISH COMMODITY MARKETS... LONDON CLOSED ON THE 5TH... COPPER... ZINC... LEAD... RUBBER... COFFEE... GRAINS... SILVER... WHEAT... BARLEY... SUGAR... SOYABEAN MEAL... RUBBER... PEPPER... WOOL... MEAT/VEGETABLES... WOOL FUTURES

INSURANCE BASE RATES... Property Growth... Vanbrugh Guaranteed... Address shown under insurance and Property Bond Table.

Metals are moving! Are you? THERE'S NEVER BEEN A BETTER TIME for re-appraisal for examining the advice, the speed and quality of information that trading decisions are based on.

CCST Commodities Ltd... WALSINGHAM HOUSE, 35 SEETHING LANE, LONDON EC2N 4AL. TELEPHONE: 01-480 6841

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BRITISH COMMODITY MARKETS... LONDON CLOSED ON THE 5TH... COPPER... ZINC... LEAD... RUBBER... COFFEE... GRAINS... SILVER... WHEAT... BARLEY... SUGAR... SOYABEAN MEAL... RUBBER... PEPPER... WOOL... MEAT/VEGETABLES... WOOL FUTURES

BRITISH COMMODITY MARKETS... LONDON CLOSED ON THE 5TH... COPPER... ZINC... LEAD... RUBBER... COFFEE... GRAINS... SILVER... WHEAT... BARLEY... SUGAR... SOYABEAN MEAL... RUBBER... PEPPER... WOOL... MEAT/VEGETABLES... WOOL FUTURES

AMERICAN MARKETS... NEW YORK, March 5... COPPER... ZINC... LEAD... RUBBER... COFFEE... GRAINS... SILVER... WHEAT... BARLEY... SUGAR... SOYABEAN MEAL... RUBBER... PEPPER... WOOL... MEAT/VEGETABLES... WOOL FUTURES

INDICES... FINANCIAL TIMES... DOW JONES... MOODY'S... REUTERS

LONDON STOCK EXCHANGE

Political speculation short-lived in Gilts and equities
Fresh early gains either sharply reduced or erased

Account Dealing Dates

First Declara- Last Account
Debiting tions Dealings Day
Feb. 12 Feb. 22 Feb. 23 Mar. 6

Following consideration over
the weekend of the government's
dilemma caused by the result of
the Scottish referendum on
devolution, the equity market

Sentiment at the opening was
encouraged by a new upsurge in
Government stocks following
cancellation of the one per cent
recall of special deposits, which
had been due next Friday.

Neither the gloom emanating
from industry about economic
prospects nor the expected reduc-
tions in clearing bank base rates
made much impression on the
industrial sectors. Trade became
sporadic once early investment
business had been completed.

Account Dealing Dates

fresh enthusiasm in either of the
two main sectors.

Wide spread selling from South
African, Continental and UK
sources activated by a combina-
tion of a sharply lower bullion
price and investment currency
premium brought losses ranging

The base lending rate reduc-
tions announced by the major
clearing banks in the wake of
last week's cut in Minimum
Lending Rate prompted a

Insurance displayed no set
trend following a moderate
business. Life issues made pro-
gress with Legal and General, 1540, and
Refuge, 144n up 6 pence, while,
among brokers, Christopher
Morgan gained 4 at 43p.

MFI below best

MFI Furniture Centres
remained in buoyant mood

Still unsettled by last week's
dividend warning, EMI

John Brown were good again
on renewed investment in
the 10 per cent commission
charges are under attack.

A combination of hopes for
press suggestions of a bid
from Ladbroke prompted early
firmness in Management Agency

Engineering improved a penny

to 90p following the company's
letter to shareholders giving

Higher initially in sympathy
with fresh upsurge in Gilts

Another brisk trade in the Oil
leaders saw British Petroleum
touch a new peak of 1060p

Dealing Dates
Last Declara- Last
Deal- Declara- Settle-
ings tion ment

Gold under pressure

Renewed pressure on the
bullion price—initially 53.75 lower

Another brisk trade in the Oil
leaders saw British Petroleum
touch a new peak of 1060p

Dealing Dates
Last Declara- Last
Deal- Declara- Settle-
ings tion ment

Dealing Dates
Last Declara- Last
Deal- Declara- Settle-
ings tion ment

FINANCIAL TIMES STOCK INDICES
Table with columns for various stock indices and their values over time.

HIGHS AND LOWS S.E. ACTIVITY
Table showing high and low prices for various stocks and their activity.

NEW HIGHS AND LOWS FOR 1978/9
Table listing new highs and lows for various securities in 1978/9.

RISES AND FALLS YESTERDAY
Table showing daily price changes for various stocks.

FT-ACTUARIES SHARE INDICES
Table showing share indices for various equity groups and sub-sections.

APPOINTMENTS

Berec Group chief executive

Mr. Colin Gardner Stapleton,
currently deputy chief executive
of the Berec Group, has been
appointed chief executive.

Mr. Dennis Ford has been
made president and chief execu-
tive officer of BARCLAYS BANK
of California.

Mr. Thomas H. Eirud, vice-
president and general manager,
Data Systems operations division,
and Mr. Ralph Gabal, vice-
president and general manager,

Mr. Peter Edgley is joining the
KENT MESSENGER GROUP as
managing director of its news-
paper publishing and printing

national group as well as for

Mr. D. J. A. Craig and Mr. A. W.
Dunne have become directors of
CIBC, an international invest-

Mr. Robert Coleville has been
appointed vice-president of
CHEMICAL BANK, with respon-

Mr. Joseph S. Barsa has been
elected president of MAI INTER-
NATIONAL CORPORATION. He

Mr. K. B. A. HART has been
appointed managing director of
the marine division of HARTLEY
COOPER AND COMPANY.

EMPLOYERS.

Three executive directors
have been appointed by
ROBERT BOSCH PACKAGING
MACHINERY (UK).

Mr. Douglas R. Harvey be-
comes director general of the
UNITED KINGDOM PETRO-
LEUM INDUSTRY ASSOCIA-

Mr. Peter Murray has been
appointed editor of Building
Design—the newly created
post of publisher and editor of

Mr. John K. Stone has joined
the Board of VANBURGH LIFE
ASSURANCE as marketing

LONDON TRADED OPTIONS

Table of LONDON TRADED OPTIONS with columns for Option, Exercise, Closing price, etc.

EQUITIES

Table of EQUITIES with columns for Issue, Price, etc.

FIXED INTEREST STOCKS

Table of FIXED INTEREST STOCKS with columns for Issue, Price, etc.

"RIGHTS" OFFERS

Table of "RIGHTS" OFFERS with columns for Issue, Price, etc.



TERENCE CONRAN

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ES STOCK INDICES table with columns for various stock indices and their values.

AUTHORISED UNIT TRUSTS

Table listing various unit trusts, their managers, and performance data.

Minster Fund Managers Ltd.

Table listing Minster Fund Managers Ltd. products and their details.

Provincial Life Ins. Co. Ltd.

Table listing Provincial Life Ins. Co. Ltd. products and their details.

Target Tr. Mgrs. (Scotland) (P)

Table listing Target Tr. Mgrs. (Scotland) (P) products and their details.

OFFSHORE AND OVERSEAS FUNDS

Table listing offshore and overseas funds and their details.

INSURANCE AND PROPERTY BONDS

Table listing insurance and property bonds and their details.

Capital International S.A.

Table listing Capital International S.A. products and their details.

FOR YOUR COMPANY- CASH FLOW GUARANTEED

contact-B. D. Kay INTERNATIONAL FACTORS LTD

BRITISH FUNDS

Table listing various British funds with columns for name, price, and performance metrics.

INTERNATIONAL BANK

Table listing international bank services and associated financial data.

CORPORATION LOANS

Table listing corporation loans with details on interest rates and terms.

COMMONWEALTH & AFRICAN LOANS

Table listing commonwealth and African loans with financial specifications.

FOREIGN BONDS & RAILS

Table listing foreign bonds and rail investments.

FT SHARE INFORMATION SERVICE

BONDS & RAILS—Cont.

Table listing bonds and rail investments with price and yield data.

BANKS & HP—Continued

Table listing bank and home purchase related stocks.

CHEMICALS, PLASTICS—Cont.

Table listing chemical and plastic industry stocks.

ENGINEERING—Continued

Table listing engineering sector stocks.

AMERICANS

Table listing American stocks with price and performance data.

HIRE PURCHASE, etc.

Table listing hire purchase and related services.

DRAPERY AND STORES

Table listing drapery and store stocks.

BEERS, WINES AND SPIRITS

Table listing beer, wine, and spirit stocks.

BUILDING INDUSTRY, TIMBER AND ROADS

Table listing building, timber, and road stocks.

CANADIANS

Table listing Canadian stocks.

BANKS AND HIRE PURCHASE

Table listing bank and hire purchase stocks.

ELECTRICAL AND RADIO

Table listing electrical and radio stocks.

FOOD, GROCERIES—Cont.

Table listing food and grocery stocks.

HOTELS AND CATERERS

Table listing hotel and catering stocks.

INDUSTRIALS (Miscel.)

Large table listing various industrial stocks across multiple columns.

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SUBSCRIPTIONS. Copies obtainable from newsagents and postshops worldwide or on regular subscription from Subscription Department, Financial Times, London.

CHEMICALS, PLASTICS

Table listing chemical and plastic stocks.

ENGINEERING MACHINE TOOLS

Table listing engineering machine tool stocks.

FOOD, GROCERIES, ETC.

Table listing food, grocery, and other stocks.

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Vertical text on the far left edge of the page, likely a page number or date.

NOMURA The Nomura Securities Co., Ltd. London EC 3, 12, Abchurch Lane, London EC 4, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31, 32, 33, 34, 35, 36, 37, 38, 39, 40, 41, 42, 43, 44, 45, 46, 47, 48, 49, 50, 51, 52, 53, 54, 55, 56, 57, 58, 59, 60, 61, 62, 63, 64, 65, 66, 67, 68, 69, 70, 71, 72, 73, 74, 75, 76, 77, 78, 79, 80, 81, 82, 83, 84, 85, 86, 87, 88, 89, 90, 91, 92, 93, 94, 95, 96, 97, 98, 99, 100.

INDUSTRIALS—Continued

Table of industrial stocks with columns for stock name, price, and other financial metrics.

INSURANCE—Continued

Table of insurance stocks with columns for stock name, price, and other financial metrics.

PROPERTY—Continued

Table of property stocks with columns for stock name, price, and other financial metrics.

INVESTMENT TRUSTS—Cont.

Table of investment trusts with columns for stock name, price, and other financial metrics.

FINANCE, LAND—Continued

Table of finance and land stocks with columns for stock name, price, and other financial metrics.

LEISURE

Table of leisure stocks with columns for stock name, price, and other financial metrics.

MOTORS, AIRCRAFT TRADES

Table of motors and aircraft trades stocks with columns for stock name, price, and other financial metrics.

SHIPPING

Table of shipping stocks with columns for stock name, price, and other financial metrics.

SHOES AND LEATHER

Table of shoes and leather stocks with columns for stock name, price, and other financial metrics.

SOUTH AFRICANS

Table of South African stocks with columns for stock name, price, and other financial metrics.

COMMERCIAL VEHICLES

Table of commercial vehicles stocks with columns for stock name, price, and other financial metrics.

COMPONENTS

Table of components stocks with columns for stock name, price, and other financial metrics.

TEXTILES

Table of textiles stocks with columns for stock name, price, and other financial metrics.

TEAS

Table of tea stocks with columns for stock name, price, and other financial metrics.

INDIA AND BANGLADESH

Table of India and Bangladesh stocks with columns for stock name, price, and other financial metrics.

GARAGES AND DISTRIBUTORS

Table of garage and distributor stocks with columns for stock name, price, and other financial metrics.

PAPER, PRINTING ADVERTISING

Table of paper, printing, and advertising stocks with columns for stock name, price, and other financial metrics.

TOBACCO

Table of tobacco stocks with columns for stock name, price, and other financial metrics.

TRUSTS, FINANCE, LAND

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AFRICA

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NEWSPAPERS, PUBLISHERS

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PROPERTY

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FINANCE, LAND

Table of finance and land stocks with columns for stock name, price, and other financial metrics.

FINANCE

Table of finance stocks with columns for stock name, price, and other financial metrics.

DIAMOND AND PLATINUM

Table of diamond and platinum stocks with columns for stock name, price, and other financial metrics.

INSURANCE

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MINES—Continued

Table of mine stocks with columns for stock name, price, and other financial metrics.

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COPPER

Table of copper stocks with columns for stock name, price, and other financial metrics.

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Table of miscellaneous stocks with columns for stock name, price, and other financial metrics.

RUBBERS AND SISALS

Table of rubber and sisal stocks with columns for stock name, price, and other financial metrics.

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Table of regional markets with columns for stock name, price, and other financial metrics.

Food machinery valuers



EEC plans short haul 'feeder' airliner

PROPOSALS FOR a E1bn European Community passenger aircraft project...

ing made available through the special Orford facility. The new funding mechanism...

BY GILES MERRITT IN BRUSSELS

new generation of "feeder" aircraft which will begin to come into service after 1985.

and it is thought that a single project involving 130 to 160 seats—depending on configuration—would receive the widest support from European manufacturers.

mains far from clear. At present both Britain and the Netherlands are committed to parallel programmes—the British Aerospace BA146 that is due to go into production by 1983 and Fokker's rival super E28 project.

Output prices rising faster

By Peter Riddell, Economics Correspondent

THE BUILD-UP of labour and raw material cost pressures on industry is being reflected in a slightly faster rate of increase in the price of manufactured products.

However, wholesale price indices, published yesterday by the Department of Industry, suggest only a modest acceleration in the cost of living over the next few months.

Before allowing for present pay settlements, costs have been increased by higher raw material prices, partly offset by the recent strength of sterling.

The index of material and fuel costs rose 0.5 per cent last month to 151.1 (1975=100) for

Table with 3 columns: Year, Raw Materials (home sales), Output. Rows for 1978 1st-4th, Oct, Nov, Dec, and 1979 Jan, Feb.

an increase of 3.75 per cent over the past 12 months.

Many world commodity prices, besides oil, have increased sharply since last summer. The index has consequently risen 4.8 per cent in the past six months, compared with 3.6 per cent in the previous half-year.

Those rises, with a 12 per cent increase in unit labour costs last year, have combined to push up the rate of increase of output prices charged at the factory gate to 4.3 per cent in the past six months, compared with 3.75 per cent in the previous half-year.

The price index for home sales of manufactured products increased in February by roughly 1.3 per cent to 161.5 (1975=100) for a rise of 8.25 per cent over the past 12 months. That compares with 7.75 per cent for the year to January.

That slight pick-up in the underlying and 12-month rates agrees broadly with the Price Commission index of notified increases.

Although the 12-month rate of retail price inflation, 9.3 per cent in mid-January, may return to double figures before the summer, any further acceleration is likely to be modest. Most economists believe that the 12-month rate should not exceed 12 per cent during 1979.

The index for materials other than crude oil rose 2.3 per cent. Further price increases for hides and skins were the most significant items. Prices of several metals also rose.

Output prices of non-food manufacturing companies rose 1.1 per cent last month, a third of that in higher petroleum products prices.

Lower prices for home-landed fish and for coffee were mainly responsible for a 1 per cent fall in the costs of food companies last month.

Continued from Page 1

Fed plan

general standards of strength, experience and reputation as required for domestic organisers of banks and bank holding companies.

It adds that its supervision concerns for the operations and activities of foreign banks outside the U.S. are therefore limited to their possible effects on the ability of those banks to support operations inside the U.S. It was not policy to extend U.S. bank supervisory standards extra-territorially.

Vietnam mobilises as China 'pulls out'

BY RICHARD NATIONS IN BANGKOK

CHINA said yesterday that she was pulling back her forces from Vietnam. This move to end the border conflict failed to win any response from Vietnam, which ordered a general mobilisation "to defeat the Chinese aggressors and protect national independence."

In an official statement by New China News Agency China said the forces had achieved their goals and that "from March 5 all Chinese frontier troops are withdrawing into Chinese territory."

Intelligence reports in Bangkok said that there were no convincing signs of a Chinese withdrawal.

Some diplomats in Peking quoted by Reuters suggested that timing of the announcement indicated that the bulk of the forces were already withdrawn.

Radio Hanoi, ignoring the Chinese statement, said the mobilisation order had been issued by President Ton Duc

Thang. All men of military age were called upon to enlist. Vietnam has an estimated army of 615,000.

Western diplomats believe that the Chinese were serious in their intention to withdraw.

With only one of the five main-force Vietnamese divisions in the north, the 308th, partially committed to the battle, analysts say Hanoi has adequate forces to launch a major counter-attack to harass the Chinese retreat.

The Chinese statement warned Vietnam not to continue "armed provocation" along the border.

The Chinese Government solemnly states that the Chinese side reserves the right to strike back again in self-defence in case of recurrences of such Vietnamese activities.

Observers noted ambiguity in Peking's statement that "all its frontier forces" would withdraw to Chinese territory. It is the main-force units of the Chinese Army which are engaged in the fighting.

Editorial comment, Page 18

fiction, which some observers feel the Chinese are seeking to wheel round and attack Vietnam's elite divisions.

Though the Chinese can claim considerable military success in the 17-day campaign by capture of strategic positions in the north of Lang Son, Lai Chau and Cao Bang, they have not drawn Vietnam's main divisions into a major battle.

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Britain agrees 'cab spy' talks

BY LYNTON McLAIN

THE GOVERNMENT will go ahead with consultations leading to introduction of the tachograph in goods vehicles over 3.5 tonnes gross weight, despite a storm of protest from Left-wing Labour MPs.

Mr. William Rodgers, the Transport Secretary, said in a Commons written reply yesterday that the Government accepted "reluctantly" the ruling by the European Court of Justice a month ago that Britain was in breach of her obligations under the Treaty of Rome.

But some Labour MPs said that they would oppose all Government attempts to bring regulations to implement the EEC law.

Miss Joan Maynard, MP for Sheffield Brightside, said the move was a "miserable capitulation by the Government."

Mr. Neil Kinnock, Bejwelly, who is sponsored by the Transport and General Workers' Union, which has consistently opposed the tachograph, said the Government had been in a position to resist or forbid implementation of the regulations.

Mrs. Renee Short, Wolverhampton North-East, forecast "terrible trouble as drivers regard the tachograph with absolute abhorrence."

Regulations equating the law with that of EEC tachograph regulation 1453/70 were to have been introduced by the Government by January, 1976.

The machines record distance travelled, speed, driving time; work breaks; and rest periods.

Mr. Rodgers consistently opposed the regulation until yesterday. The Government view was that it had a good enforcement system for checking drivers' hours based on log books and spot checks.

The tachographs are likely to cost up to £200 each. Calibration fees, for ensuring that they meet a laid-down standard, will be about £10; and the total capital cost to hauliers will be about £100m.

Many hauliers fear they may have to pay drivers more money for accepting the tachograph. This is ruled out by the Government as, it says, the hauliers would only be obeying the law of the land.

Sime Darby raises stake in Guthrie to nearly 30%

BY JAMES BARTHOLOMEW

SIME DARBY Holdings, the Far East multinational conglomerate, took an important step yesterday towards winning its £155m takeover bid for Guthrie Corporation, the British plantations group.

It paid £15.5m to buy what could prove to be a crucial 10 per cent of Guthrie in the stock market, bringing its stake up to just under 30 per cent.

Sime Darby claimed that holders of another 10 per cent of Guthrie's shares were also willing to sell. But under the takeover rules Sime cannot buy more than 30 per cent of Guthrie until it has received approval for the bid from its own shareholders.

An extraordinary general meeting of Sime's shareholders is set for April 2 to approve the move. This could be moved forward if the company wants the go-ahead to buy more shares.

Many of the leading institutional shareholders have sold their Guthrie stakes to Sime. Save and Proper sold its holding of just under 4 per cent last week and funds managed by N. M. Rothschild or its associates are understood to have sold their 4 per cent yesterday.

So the new offer made then was partly in Sime shares. Sime stopped buying Guthrie shares in the market once it had got to 20 per cent, greatly encouraged the Guthrie cash.

But now Sime has received legal counsel's approval to effectively buy Guthrie shares with a mixture of cash and Sime's own shares. The scheme is that a subsidiary, rather than Sime itself, will buy the Guthrie shares and then accept the bid from its parent.

The subsidiary must not receive shares of its own parent since that would be illegal. So the Sime shares allotted will go straight to underwriters who will give the subsidiary cash.

The Guthrie board will be taking its own legal advice on the arrangement to see if it really works, said Mr. Ian Coates, the managing director, yesterday. The most ingenious schemes gang aft a-rye," he said.

Supporter The big exception is M and G unit trust group, a fervent supporter of Guthrie, which yesterday actually bought 25,000 shares in Guthrie, bringing its stake up to 13.3 per cent.

M and G also sold 200,000 Sime Darby shares and said the prospect yield on Guthrie was good, but Sime shares were over-rated.

An unusual arrangement has helped Sime's renewed share buying. Sime had admitted last week that it could not afford to buy Guthrie for cash alone.

Iran oil exports resume with a shaky start

BY ANDREW WHITLEY AND ANTHONY McDERMOTT IN TEHRAN

OIL EXPORTS from Iran, once the world's second largest exporter, resumed yesterday after a break of 68 days. The National Iranian Oil Company, which said that a production ceiling of between 3m and 4m barrels a day would be imposed shortly.

After the longest break since the 1953 nationalisation of the Anglo-Iranian Oil Company sales were resumed on a direct spot basis, ending the dominance of the BP-led consortium over Iranian oil.

There was a decidedly shaky start as the first day's earnings of \$110m (\$55m) was donated to oil workers' welfare to placate militant left-wingers

still threatening to hold up output. With losses on oil earnings approaching \$8m from the past five months' disruption in the oilfields, the financially pressed Government probably had little option but to resume exports now, and to put the best face on the matter.

Mr. Mohammed Ali Natheq, deputy chairman of NIOC, said yesterday that Iran would prefer to conclude long-term contracts with reliable customers rather than continue selling its oil on the spot market.

Our Foreign Staff writes: Iraq has reached agreement with foreign oil companies by which they will pay it \$55m in final settlement arising out of the nationalisation

of the Basrah Petroleum Company in 1975, according to the Middle East Economic Survey. The companies involved include BP, Royal Dutch/Shell, CFP, Exxon and Mobil.

In Abu Dhabi the director general of the national oil company, Nayyir Sonatrach said that his country was considering raising oil prices substantially from April 1, in excess of the scheduled OPEC increase coming into force then. Within the oil industry, it is said the rise for Algeria's light crude could be as much as 15 per cent.

Tehran eases business fears. Page 4.

Hattersley pay supremo

BY RICHARD EVANS, LOBBY EDITOR

MR. ROY HATTERSLEY, Prices Secretary, is to have the additional role of co-ordinating Government policy on wage claims throughout the public sector.

The Prime Minister has made the appointment in an effort to avoid any damaging political impact from competing public sector pay claims and differing responses from Government departments.

The role would normally be given to Mr. Denis Healey, Cancellor, but he will be too busy over the next month with a visit to preside at an IMF committee in Washington and then with preparations for the budget on April 3. He is also involved

in talks with the TUC on the implementation of the Concordat.

The choice is seen as a feather in the cap of Mr. Hattersley, one of the most thrusting and politically astute of the younger generation of Cabinet Ministers.

There has been a belief in the Cabinet that some recent public sector wage claims, particularly in the National Health Service and local government, could have been handled better.

Among negotiations Mr. Hattersley will be concerned in are the electricity supply industry, railways, steel industry and the nurses.

Labour news, Page 10 Parliament, Page 11

Tories maintain pressure

BY OUR LOBBY EDITOR

THE CONSERVATIVES are maintaining maximum pressure on the Government to ditch its proposals to set up a Scottish assembly in Edinburgh, but Ministers are in no hurry to reach a decision and an announcement on tactics is unlikely before next week.

Following a meeting of the shadow Cabinet at the Commons last night, Mrs. Margaret Thatcher, the Tory leader, issued a statement demanding that in view of the referendum results, the Government should lay the necessary orders repealing the Scotland and Wales Acts without delay.

Indications are that the Cabinet, which will have an

initial discussion on Thursday, will be forced to abandon all hopes of implementing its devolution policy in this Parliament.

The chances are that the Parliamentary orders annulling the Scotland and Wales Acts because of the failure to achieve 40 per cent of the vote will be brought forward in a few weeks and a free vote will be allowed.

This is probably the most satisfactory way for the Government to get out from the humiliating position of seeing its policy rejected devastatingly by the Welsh electorate and endorsed by an impossibly small majority in Scotland.

Parliament, Page 11

THE LEX COLUMN

An uneven mix at Fisons

Yesterday's results from Fisons were reassuring inasmuch as there were no unpleasant surprises, such as the sharp drop in agrochemical profits which caught the stockmarket off guard at the interim stage and led to a drastic pruning of profit forecasts. Pre-tax profits in 1978 rose 12.3 per cent to £22.2m, a figure which could have been £2m higher but for currency movements and the introduction of a more conservative depreciation policy.

Since 1975 the company's shares have underperformed the market by over a third. Fisons itself might maintain that the City, having decided it was no longer dealing with a pharmaceutical growth stock, has not had the imagination to take the group on its own terms. Unfortunately, Fisons' divisions still do not form as balanced and self-supporting a structure as they are supposed to do.

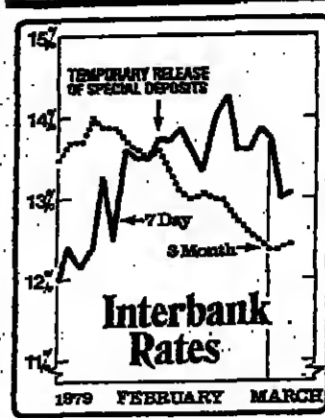
The Pharmaceutical and agrochemical divisions are research-intensive consumers of cash which carry the burden of finding the new products that Fisons urgently needs. Yet they are still having to supply well over half total trading profits, and but for the atrocious first half in agrochemicals their proportion contribution would have been still higher. The two major stable, low investment centres, fertilisers and scientific equipment supposedly big cash producers, are under pressure from ICI, with its privileged access to cheap feedstock, and from American manufacturers of scientific equipment, able to take advantage of the cheap dollar.

For the second year running Fisons has shown a substantial net cash outflow—£5m, after £10m in 1977. Yet it is not as if the group has been developing to gear up in order to develop a major new product line. The heavy research spending is a drain, but it is not high enough to guarantee the discovery of new products every few years.

On the research front Fisons can only be patient, and hope that its strategy of trying to gain dominant market positions in specialised fields—scientific equipment, veterinary medicines, anti-allergic drugs assures it a reliable flow of earnings. The shares, which at 317½ are 40p below their level of last September (after the poor interim results), do not look expensive, but then the 1979 prospects are not exciting. The yield is 6.9 per cent with a fully taxed p/e of around 10½.

Sime Darby/Guthrie The scales are beginning to wobble in Sime Darby's favour

Index at 484.6 (same)



Interbank Rates

in its battle for control of Guthrie. Yesterday it bought another 10 per cent for cash in the market, taking its holding up to nearly 30 per cent. Since it wants to use as much of its paper and as little of its cash as possible in the bid, it plans to accept its own underwritten cash offer in respect of these shares.

That, one might think, will encourage the underwriters. Not so, says Sime: the underwriters were always aware that they were likely to have to take a lot of Sime shares on board.

Interest rates Despite the half point cut in bank base rates and the cancellation of a one per cent tranche of special deposits, the gilt edged market was beginning to look rather jaded last night. Having been nearly £2 better initially, prices of long dated Government stock were only a £1 higher by the close and equities lost most of their earlier gains.

Meanwhile, in the money market the discount houses do not know quite what to make of the Bank of England's recent behaviour. Last Thursday, the Bank cut Minimum Lending Rate to 13 per cent and let it be known that it thought a period of stability should ensue. To underline this it lent at MLR in a number of discount houses for a week—usually a sure sign that it did not want rates to fall further. On Friday, however, it was expecting that it would follow this up with the announcement of a tap stock issue to control the gilt edged market. But nothing happened.

Yesterday, the authorities had another chance to announce a tap if they had wanted to, but they let the opportunity pass. Instead, they announced that they were cancelling a recall of special deposits due on Friday and also helped the discount market out in a way that did not

embarrass it. Together with redemption of a short dated gilt this should inject close to £700 into the financial system at more than cover the \$600 which will be drained out of the two calls on the new partly paid issues prior to the make-up day banking month.

While this will ease pressure on the banks' ratios assets and prevent an embarrassing rise in short term interest rates the authority decision to cancel, rather than postpone, the recall of special deposits suggests that they are relaxing their financial slightly and are not particularly bothered about interest rate falling further.

EEC investments So far, only a handful of investment trusts have made use of the special facilities introduced last year for investment in EEC securities issued by European Economic Community institutions. But three funds—the Murray Johnstone group took this step yesterday, and string more from the group stable will be following in the next few weeks. Long term group plans to build a steady commitment to this kind of investment.

Its thinking goes like this: The dollar premium is a satisfactory investment, has no intrinsic value, and is very volatile. Financing overseas investments by loans has big drawbacks. It provides no real hedge against a fall in sterling, it can lead to a squeeze in the value of the assets, and it does not reduce exposure to the dollar premium.

Under the rules brought in last year, the trust borrows foreign currency to invest in the approved securities. Later on the loan can be met at the official exchange rate, and the Bank of England's rule that cover should be maintained equal to 115 per cent of the value of the loan does not apply. Most important, the trust can be repaid at the official five annual instalments.

So the trust winds up with foreign currency assets, chased at the official rate, in order to reduce funds. The plans to borrow foreign currency to invest in the overseas market of its own. Its initial borrowing costs are 1 per cent more than it pays back on the EEC securities, but the group is happy to pay this in order to reduce funds.

the dollar premium does not produce any income, and to increase its international exposure with the least possible risk.

Weather

UK TODAY RAIN in most places. Generally windy with gales in many places. Max. 7C (45F).

London, S.E., E. England Sunny intervals. Cloudy with rain at times.

Cent. S. England, Midlands, Cent. N. England Rain at times. Clearer later with some showers.

Wales, Channel Isles, N.W. England Gales in places. Rain at times.

The rest of Britain Sunny intervals. Heavy showers. Windy on hills.

Outlook: Windy, with sunny intervals and showers. Becoming warmer.

WORLDWIDE

Table with 3 columns: Location, Y'day midday, Y'day midday. Lists various global locations and their weather conditions.



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